Province of
Newfoundland and Labrador

Public Accounts Volume I
Consolidated Summary Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2010

Newfoundland
Labrador

Province of Newfoundland and Labrador

Public Accounts

Volume I

Consolidated Summary Financial Statements

For The Year Ended 31 March 2010

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INTRODUCTION

Volume I of the Public Accounts presents the consolidated summary financial statements of the Province of Newfoundland and Labrador. These statements are preceded by a report which discusses and analyzes the information contained within the summary financial statements. The report, entitled **Understanding the Financial Health of the Province of Newfoundland and Labrador**, provides a narrative review of the financial performance of the Province along with illustrations of key figures and relationships. This financial statement discussion and analysis, in conjunction with the consolidated summary financial statements, provides additional information for users of the Provinces' summary statements.

The consolidated summary financial statements combine the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador. These organizations are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislature.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board (PSAB) standards of the Canadian Institute of Chartered Accountants (CICA), and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General of Finance and are audited by the Auditor General. Budget figures, where available, are provided on several statements for comparison purposes.

The Public Accounts for the year ended 31 March 2010 also includes another volume, Volume II - Consolidated Revenue Fund Financial Statements. It presents the financial position of the Fund and the results of its activities.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for 2009-10 was released in August 2010 and presents expenditures and revenues using the modified cash basis of accounting. This is the same basis used to prepare the budgeted appropriations and revenues as per the Estimates. Another report containing a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities was released as a separate report in November 2010. These reports are available online at the address noted below.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

Internet Address

The Public Accounts are available on the Internet at:
http:/www.fin.gov.nl.ca/fin/public_accounts/index.html

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UNDERSTANDING THE FINANCIAL HEALTH OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

I hereby present the financial statements of the Province, the Public Accounts for the 2009-10 fiscal year. To provide further information and transparency on the financial position of Newfoundland and Labrador, the audited financial statements are preceded by a discussion and analysis which highlights the fiscal health of the Province.

The 2009-10 fiscal year was a challenging year amid tremendous global economic uncertainty. While the Province reported a deficit for the year after four consecutive years of surpluses, the actual deficit has been reduced to $32.6 million from an originally forecasted deficit of $749.5 million. This improvement of $716.9 million is primarily the result of strengthened oil prices during the year.

While this reduction is certainly significant, we cannot lose sight of the fact that the Province's financial health is greatly affected by volatile economic factors. In these uncertain economic times, we must continue to manage our spending and financial resources in a prudent and responsible manner. The strategic investments in programs and infrastructure are a testament to the efforts our Government has made to help navigate the Province through this period of economic difficulty.

In addition, the fiscal management practices put in place by our Government have provided for significant progress in debt reduction, lower borrowing costs, lower taxes and an improved provincial credit rating. The Province has reduced net debt by $3.5 billion since 2006. Further, net debt per capita of $16,152 as at 31 March 2010 has declined substantially in comparison to almost $23,000 in 2006.

The Government must continue its efforts to support the economy as global recovery continues. Ensuring that Provincial investment in programs and services are in line with our ability to fund will continue to be a pillar of Government's financial management strategy.

THOMAS W. MARSHALL, Q.C.
MINISTER OF FINANCE AND
PRESIDENT OF TREASURY BOARD

15 December 2010

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FINANCIAL REPORTS

Information on the financial picture of the Province can be obtained from the Public Accounts and the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund.

The Public Accounts consists of two volumes. These include:

Volume I: Consolidated Summary Financial Statements

- These are the combined audited financial statements of the Consolidated Revenue Fund (all departments) and government organizations (including Health and School Boards) which are controlled by and therefore accountable to Government.
- These statements present the consolidated financial position of the Province on an accrual basis, in accordance with the accounting standards established for governments by the Canadian Institute of Chartered Accountants (CICA).
- The consolidated summary (accrual) deficit for the year ended 31 March 2010 as presented in Volume I is $32.6 million; net debt is $8.2 billion; and accumulated deficit is $5.5 billion.

Volume II: Consolidated Revenue Fund (CRF) Financial Statements

- These are the audited financial statements of the Consolidated Revenue Fund (all departments) on an accrual basis.
- The CRF (accrual) deficit for the year ended 31 March 2010 as presented in Volume II is $80.3 million; net debt is $8.4 billion; and accumulated deficit is $7.0 billion.

The Auditor General issued an unqualified audit opinion on both volumes of the 2009-10 Public Accounts.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund presents the actual overall budgetary contribution (requirement) of the Consolidated Revenue Fund as at 31 March 2010.

- This report is prepared using the modified cash basis of accounting and is not subject to an audit opinion.
- The budgetary contribution of $8.9 million for the year ended 31 March 2010 is comprised of a current account financial contribution of $541.4 million offset by a capital account financial requirement of $532.5 million.

The Public Accounts and the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund can be found on the Government's website at:

www.fin.gov.nl.ca/fin/public_accounts/index.html

Copies of all volumes of the Public Accounts, the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund, and the Financial Statements of Crown Corporations, Boards and Authorities can be obtained at the Queen's Printer, Confederation Building.

FINANCIAL DISCUSSION AND ANALYSIS REPORT

The inclusion of this report, a financial discussion and analysis of the Public Accounts, is a practice recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Public Sector Accounting Board sets the accounting standards for Canadian senior governments.

Information provided in this report will focus on the consolidated summary financial statements of the Province. Throughout this report, any reference to a particular year means the fiscal year ended in that year. For example, reference to 2010 means the fiscal year ended 31 March 2010.

GLOSSARY OF TERMS

To assist in understanding the discussion and analysis to follow in this report, definitions of the various terms used are provided below:

Accrual Basis:	A method of accounting whereby revenues are recorded when earned and expenses are recorded when liabilities are incurred.
Accumulated Deficit:	Liabilities less total assets. This equals the net accumulation of all annual surpluses and deficits experienced by the Province.
Annual Surplus/ (Deficit):	The excess of annual revenues (expenses) over annual expenses (revenues).
Budgetary Contribution/ (Requirement):	The difference between revenues and expenditure cash flows of the Consolidated Revenue Fund generated as a result of the operations of government departments during the year.
Cash Basis:	A method of accounting whereby revenues are recorded when received and expenditures are recorded when paid.
Deferred Revenue:	Represents funding received in advance of revenue recognition criteria being met.
Financial Assets:	Assets (such as cash, receivables and investments) to be used to reduce existing or future liabilities.
GDP:	Gross Domestic Product (at market prices) of the Province.
Interest Cost:	Interest on the Province's debt (e.g. borrowings, unfunded pension liability), as well as other debt related expenses.
Net Borrowings:	Total borrowings (debentures, treasury bills, etc.) less sinking funds. Also referred to as provincial debt in this report.
Net Debt:	Liabilities less financial assets.

Non-Financial Assets:	Assets consumed in the delivery of government services, but not intended to reduce existing or future liabilities. Non-financial assets are primarily comprised of tangible capital assets.
Tangible Capital Assets:	Non-financial assets which are held for use in the production or supply of goods and services and have useful economic lives extending beyond an accounting period. Examples include buildings, roads, infrastructure, marine vessels, heavy equipment and machinery.
Unfunded Pension Liability:	The total unpaid pension benefits earned by existing/former employees and retirees less the value of assets set aside to fund the benefits.

CONSOLIDATED ACCRUAL RESULT

Compared to Previous Year

The difference between the annual deficit of $32.6 million for 2010 and the annual surplus of $2,350.4 million for 2009 is approximately $2,383.0 million. While additional variance analysis on the changes in revenue and expense are included later in this report, the following provides a summary of what has contributed to these changes. This decline can be attributed to a decrease in total revenues of approximately $1,335.2 million combined with an increase in total expenses of $1,047.8 million.

The decrease in total revenues of approximately $1,335.2 million from 2009 to 2010 can be attributed to the following revenue sources:

- $1,244.2 million decrease in the Atlantic Accords (1985 and 2005). This is primarily due to the recognition of the remaining unearned balance of the Atlantic Accord (2005) in 2009, since the Province no longer qualifies for Equalization;
- $132.1 million decrease in mining and mineral rights tax due to lower mineral prices and lower production levels during the year;
- $117.3 million decrease in offshore royalties as a result of lower oil prices, combined with decreased production, triggering lower royalty rates;
- $82.6 million decrease in personal income tax primarily due to tax cuts during the year; and
- A net decrease in other miscellaneous revenues of $45.9 million.

These decreases in revenues are partially offset by the following increases:

- $149.3 million increase in Canada health and social transfers resulting from growth in the federal program;
- $101.2 million increase in Federal cost-shared programs including the continued construction of the Trans Labrador Highway and labour market development programs; and
- $36.4 million increase in other taxation revenue.

The increase in total expenses of $1,047.8 million from 2009 to 2010 can be attributed to increases experienced in the following types of expenses:

- $513.5 million in salaries and employee benefits attributed mainly to negotiated salary increases, introduction of new initiatives and expansion of existing programs and the losses experienced on the value of provincial pension plan assets;
- $227.0 million in grants and subsidies relating to an increase in activity of various municipal infrastructure programs, labour market development programs, regional economic development and new and existing health related programs;
- $167.7 million in operating costs relating mainly to increased quantity and cost of purchased services and supplies; and
- $145.7 million increase in debt expenses primarily due to increased interest costs associated with the unfunded pension liability.

These increases are mitigated somewhat by a $6.1 million net decrease in other miscellaneous expenses.

Compared to Original Budget (Accrual)

The budgeted annual deficit of $749.5 million as per the 2009-10 Budget Speech and the annual deficit of $32.6 million differs by approximately $716.9 million. This difference can be attributed to an increase in total revenues of $684.8 million combined with a decrease in total expenses of $32.1 million.

The difference in total revenues of $684.8 million from the original budget can be attributed to the following revenue sources:

- Offshore royalty revenue, compared to the original budget, increased by $808.7 million due to stronger than expected oil prices;
- Other revenues increased by $33.6 million due primarily to the inclusion of new entities into the Government reporting entity and the settlement of civil claims with tobacco companies;
- Taxation revenues, compared to the original budget, increased by $8.5 million primarily due to increases in personal income tax and sales tax, a result of higher than anticipated growth in personal income and higher than anticipated consumer spending for 2009 and 2010. The increase in taxation revenues was somewhat offset by a decrease in mining and mineral rights tax which resulted from a decrease in the value of shipments during the year and a decrease in corporate income tax resulting from lower than anticipated corporate profits;
- Other miscellaneous sources of revenue, compared to the original budget, experienced a net increase of $5.0 million; and

- $171.0 million decrease in revenues from Government of Canada cost-shared programs including various infrastructure programs and labour market development programs. Revenues from infrastructure programs as the Canada/Newfoundland and Labrador Infrastructure Program, the Canada/Newfoundland and Labrador Municipal Rural Infrastructure Fund and the Building Canada Fund have decreased due to various project delays lower than expected project uptake. Revenues from labour market development programs, specifically the Labour Market Development Agreement and the Labour Market Agreement have decreased as a result of delays in program implementation.

The difference in total expenses of $32.1 million from original budget can be primarily attributed to the following types of expenses:

- $33.2 million decrease, compared to the original budget, in debt expenses resulting from lower than expected short term interest rates and a stronger than expected Canadian dollar;

- $22.7 million decrease, compared to the original budget, in grants and subsidies due to delays in the implementation of certain agreements, such as the Labour Market Development Agreement and lower than anticipated subsidizations under the Provincial drug program;

- $21.2 million net increase due to the inclusion of new entities into the Government reporting entity; and

- $2.6 million net increase, compared to original budget, in other program expenses.

CASH FLOW ANALYSIS

The Province records its transactions on an accrual basis in accordance with generally accepted accounting principles, the timing of which may vary from when actual cash is paid or received. In 2010, the Province's overall net cash outflow was $345.7 million. As detailed in the following chart, there was a net cash inflow of $951.5 million in the previous year, which resulted in a difference in cash flow of approximately $1,297.2 million between 2010 and 2009.

Cash Flow by Category	2010	2009	Difference
	($000's)	*($000's)*	*($000's)*
Operating	487,478	1,631,778	(1,144,300)
Capital	(420,691)	(295,520)	(125,171)
Financing	(432,361)	(414,698)	(17,663)
Investing	19,914	29,947	(10,033)
Net Inflows (Outflows) of Cash	(345,660)	951,507	(1,297,167)

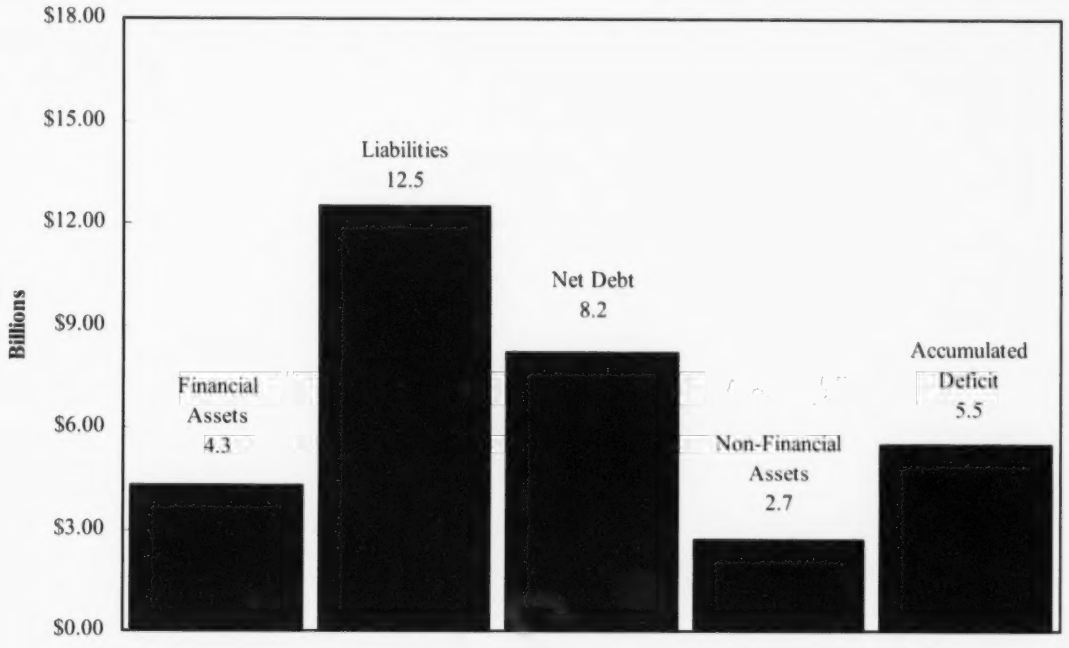
The change in cash flows was primarily driven by reduced cash inflows from operations and increased cash outflows relating to capital activities.

The decrease in cash inflows from operating activities can be attributed to a deficit of $32.6 million in 2010 compared to a surplus of $2,350.4 in 2009. For further details, please refer to the 'Consolidated Accrual Result' and 'Highlights - Financial Operations' sections of this report as well as the 'Statement of Operations' and the 'Statement of Cash Flows' in the Consolidated Summary Financial Statements.

Cash outflows from capital activities were impacted due to an increase in tangible capital asset acquisitions in 2010 consistent with the Province's infrastructure investment initiatives.

HIGHLIGHTS - FINANCIAL POSITION

The Province's financial position as at 31 March 2010 is presented in the following chart. As depicted in the chart, the Province's net debt totals $8.2 billion. The net debt is comprised of the difference between total financial assets of $4.3 billion and liabilities of $12.5 billion. The Province's net debt, less non-financial assets of $2.7 billion, results in an accumulated deficit of $5.5 billion. Net debt and accumulated deficit are comprised of the following components:



($ billions)	2010	2009	2008	2007	2006
Borrowings (net of sinking funds)	6.01	6.59	6.83	6.65	6.53
Unfunded Pension Liability	2.18	1.70	1.46	1.93	2.20
Group Health and Life Insurance Retirement Benefits	1.77	1.63	1.51	1.40	1.27
Other Liabilities	2.60	2.49	3.57	3.68	3.80
Less: Total Financial Assets	(4.34)	(4.44)	(3.18)	(2.10)	(2.12)
Net Debt	8.22	7.97	10.19	11.56	11.68
Less: Tangible Capital Assets	(2.61)	(2.40)	(2.32)	(2.24)	(2.23)
Less: Other Non-financial Assets	(0.09)	(0.07)	(0.07)	(0.08)	(0.06)
Accumulated Deficit	5.52	5.50	7.80	9.24	9.39

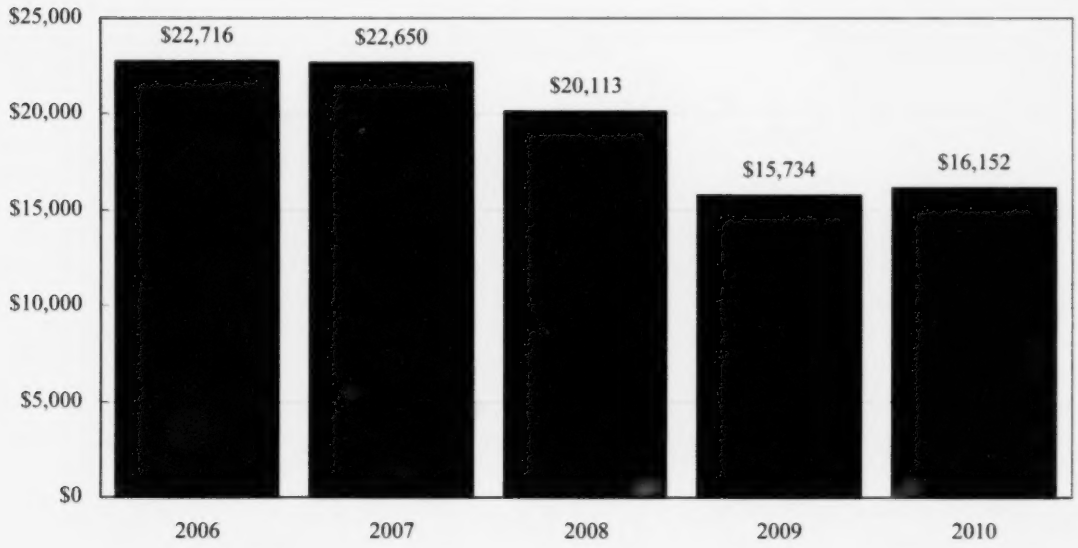
As seen in the previous table, net debt and accumulated deficit have declined significantly from 2006 to 2009 with a slight increase in 2010. This can be attributed to a deficit in 2010 of $32.6 million after combined surpluses of approximately $4.1 billion from 2006 to 2009. Although net debt is considerably lower than in 2006, the Province still has significant debt.

Net Debt and Net Borrowings

For the fiscal year ended 31 March 2010, net debt of $8.2 billion included net borrowings of $6.0 billion. The net debt for the fiscal year ended 31 March 2010 increased from the previous year by $251.6 million while net borrowings decreased by $583.0 million.

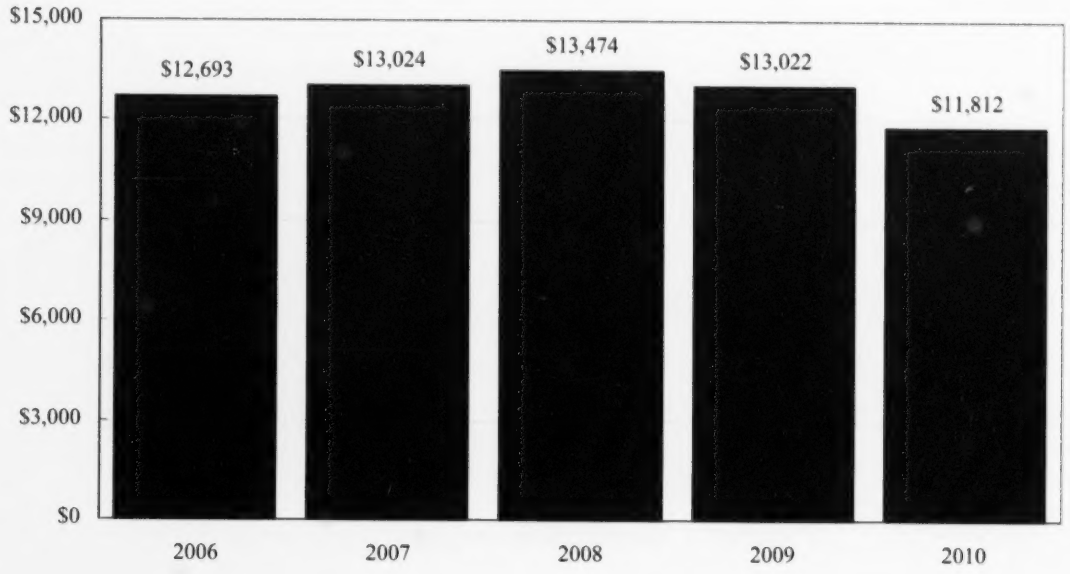
a) *Net Debt per Capita*

Net debt per capita indicates the average amount of the Province's net debt owing by each citizen of the Province and is calculated by dividing the net debt by the Province's population. Each citizen's share of the net debt increased in 2010 after four years of decline. As presented in the chart that follows, it increased from $15,734 in 2009 to $16,152 in 2010. This increase of $418 per person is a result of the previously noted increase in the Province's net debt partially offset by an increase in population of 2,484. While an increase has occurred in the current year, there has been a substantial decline over recent years which has seen net debt per capita in excess of $22,000 in 2006.



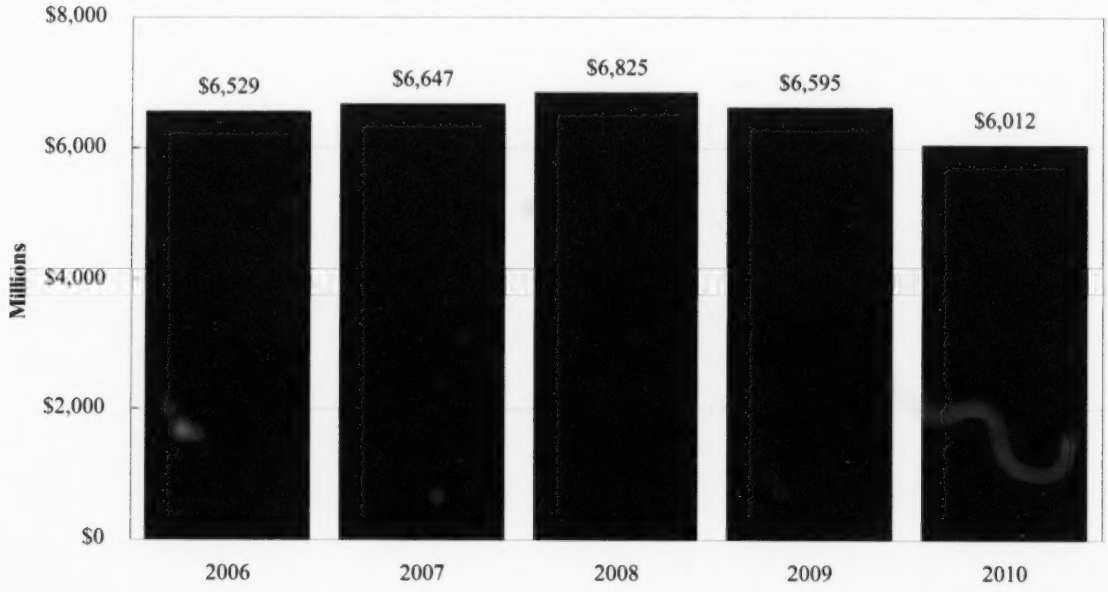
b) ***Net Borrowings per Capita***

Net borrowings per capita indicates the average amount of provincial debt owing by each citizen of the Province and is calculated by dividing the net borrowings of the Province by its population. A decrease in net borrowings in 2010, in addition to an increase in population, has resulted in a decrease in net borrowings per capita of $1,210 since 2009. The net borrowings per capita are presented in the following chart.



c) *Net Borrowings - 5 Year Comparison*

As presented in the following chart, net borrowings of the Province decreased in 2010 by $583.0 million. Net borrowings of $5,524.0 million of the Consolidated Revenue Fund represented the most significant amount of the total net borrowings at 91.9%.

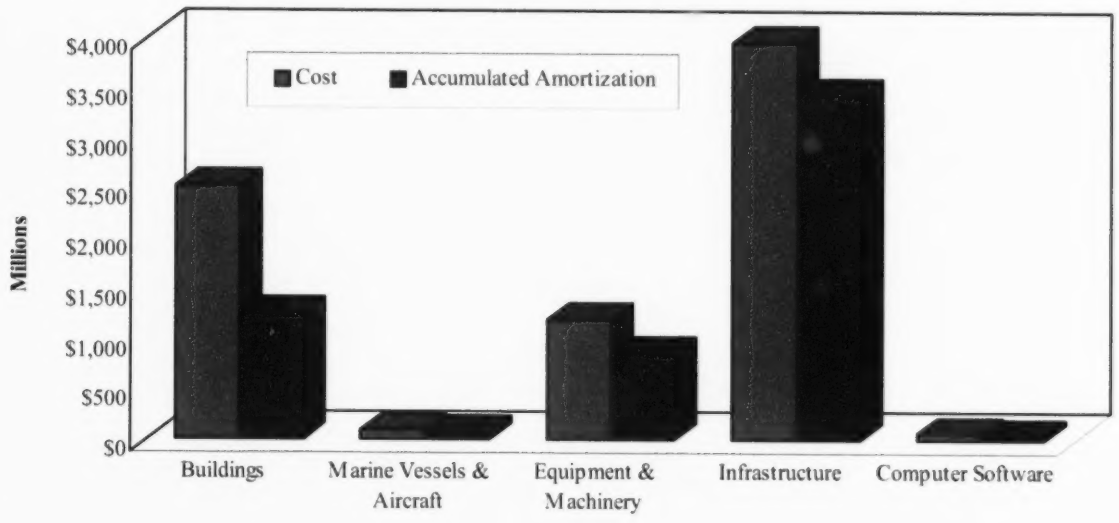


Non-Financial Assets

The total non-financial assets of $2,705.2 million in 2010 include prepaid and deferred charges of $44.2 million, inventory of supplies of $46.6 million and tangible capital assets, the most significant component, of $2,614.4 million. The net book value of the tangible capital assets increased by $217.3 million from 2009. Analysis of the information in the consolidated summary financial statements related to tangible capital assets follows:

- The increase in net book value of tangible capital assets is the result of acquisitions of $422.4 million in the current year that more than offset disposals and net accumulated amortization;
- Accumulated amortization of tangible capital assets represents 68.6% of the cost of tangible capital assets, which is a slight decrease from 2009. The most significant of the asset categories that are amortized are infrastructure and marine vessels and aircraft where 86.7% and 79.4% of the original cost have been amortized respectively;
- The accumulated amortization as a percentage of total original cost has decreased slightly from 2009 as a result of an increase in acquisitions and an increase in work in progress; and
- Work in progress assets consist of $437.3 million as at 31 March 2010 which is a $134.0 million or 44.2% increase from 2009. Work in progress is considered to be a tangible capital asset; however, it is not subject to amortization as it is not currently available for use.

The following chart shows the tangible capital asset cost (excluding work in progress) and accumulated amortization by category at 31 March 2010.

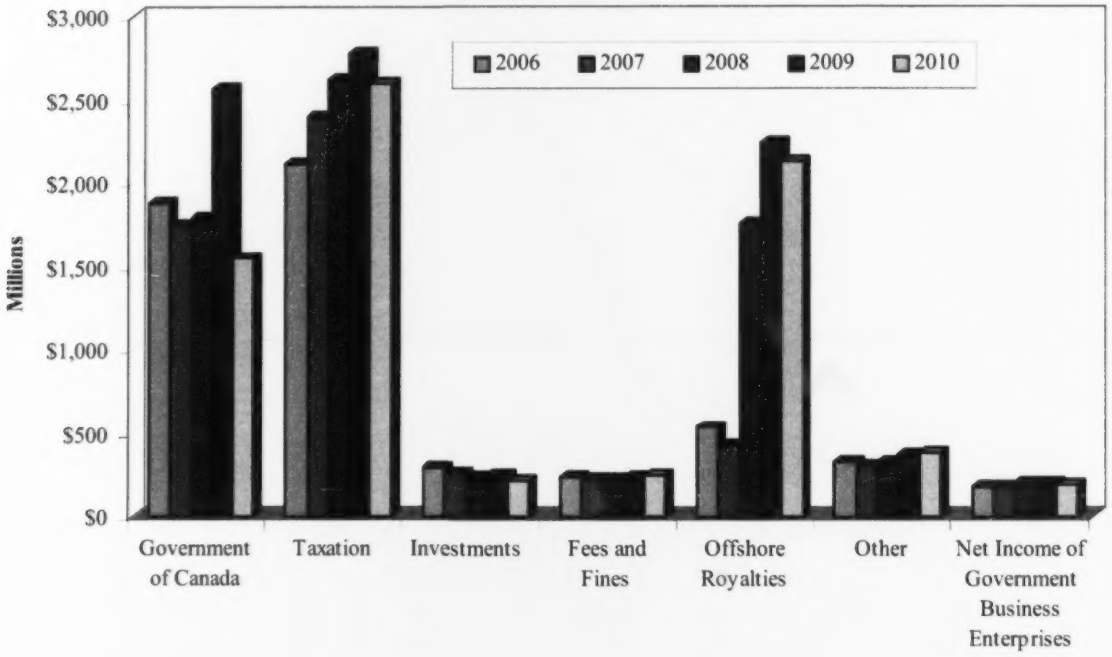


HIGHLIGHTS - FINANCIAL OPERATIONS

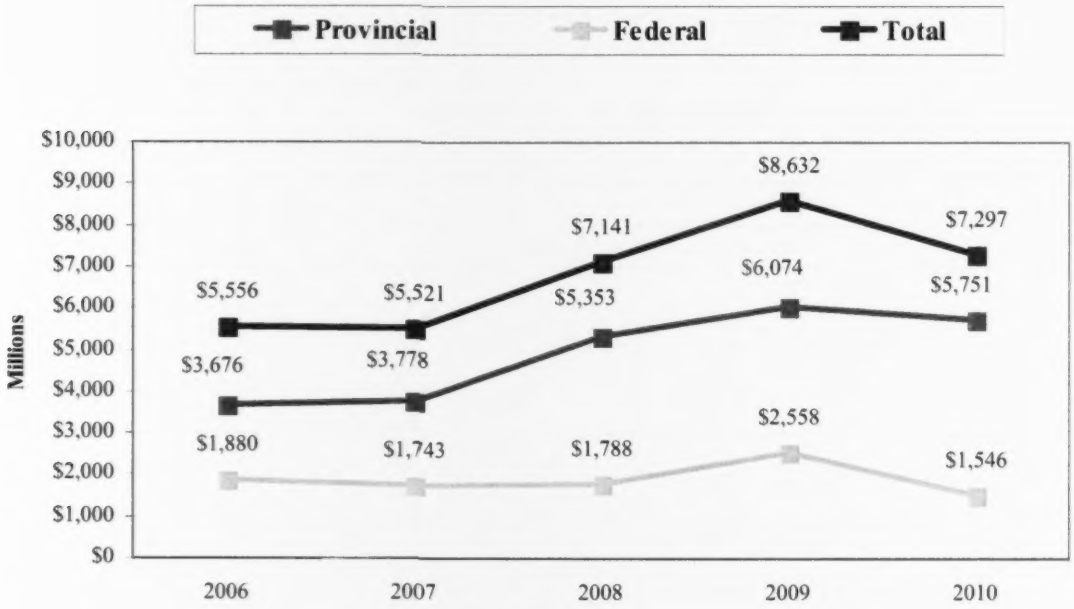
Revenues

Revenues for 2010 totaled $7.3 billion. Provincial revenue sources accounted for 78.8% of this total, which increased 8.4% compared to 2009. The remaining 21.2% is derived from Federal Government sources. Details on the sources of revenues, including five-year historical comparisons, are provided in the following charts and graphs.

a) ***Revenues by Source - 5 Year Comparison***



b) ***Total Revenues - 5 Year Comparison***



From an analysis of the previous charts and the information presented in the consolidated summary financial statements, the following observations can be made:

- Although total revenues declined in 2010, there has been an upward trend over the last five years. Since 2006, annual revenues have increased by approximately $1.7 billion.

- Total provincial revenues declined in 2010 by $323.0 million after significant increases of $1,575.3 million and $721.5 million in 2008 and 2009 respectively.

- Federal revenue sources have declined in 2010 by $1,012.2 million after an increase of $769.6 million in 2009.

c) Revenues by Source

The most significant changes in revenues by source between 2009 and 2010 arise from the Atlantic Accords (1985 and 2005), taxation, offshore royalties and health and social transfers.

- Revenues from the Atlantic Accords (1985 and 2005) totaled $465.3 million in 2010, down from $1,709.5 million in 2009. This decrease is a direct result of the Province recognizing the remaining unearned balance of the $2.0 billion Atlantic Accord (2005) in 2009.

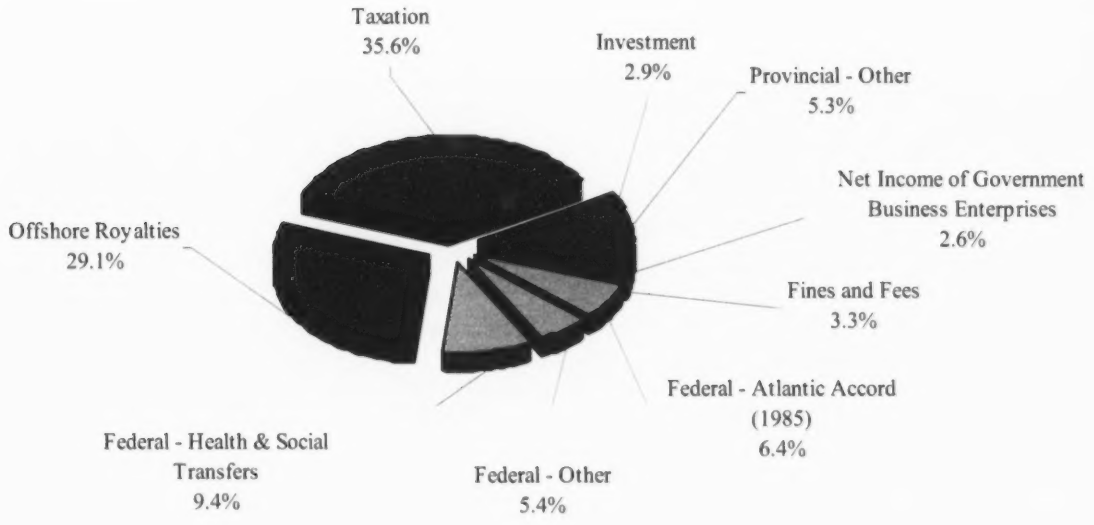
- Taxation revenues were $178.3 million lower in 2010 in comparison to 2009 due to a $132.1 million decrease in mining and mineral rights tax, a $82.6 million decrease in personal income tax and a decrease of $53.8 million in sales tax. The decrease in mining and mineral rights tax is primarily due to lower mineral prices combined with lower production levels. The decreases in personal income tax and sales tax is attributable to income tax cuts and lower consumer spending respectively. These decreases are offset somewhat by an increase of $74.9 million in corporate income tax resulting partially from higher corporate taxable income and an increase of $15.3 million in gasoline and other tax revenues.

- Offshore royalties were $117.3 million lower in 2010 than in 2009. This decrease is a result of lower oil prices combined with decreased production, triggering lower royalty rates. While there was a decrease in the current year, offshore royalties have grown to be a significant source of revenue, however, the volatility of oil prices creates uncertainty regarding the sustainability of this non-renewable revenue source.

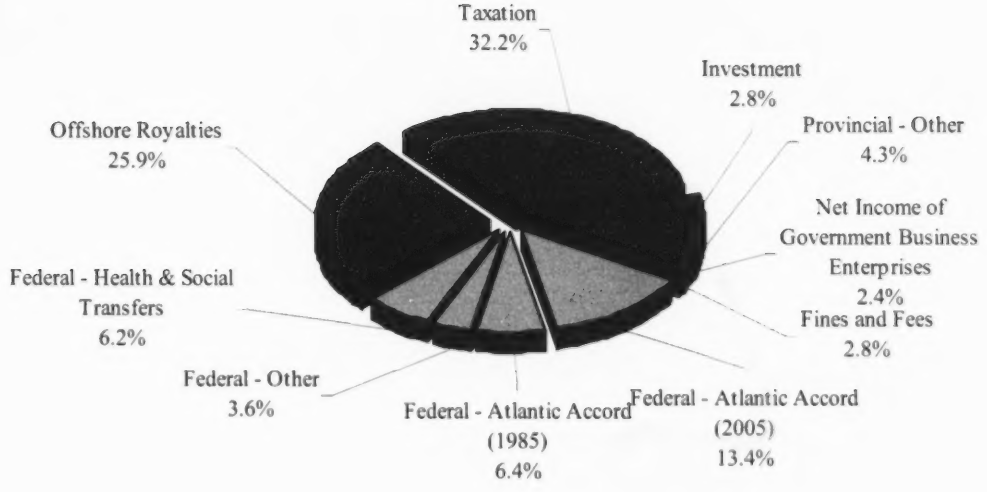
- Health and social transfers increased by $149.3 million in 2010 primarily due to growth in the federal program.

The following graphs display the revenues by source as a percentage of total revenues for 2010 and 2009.

Revenue by Source - 2010



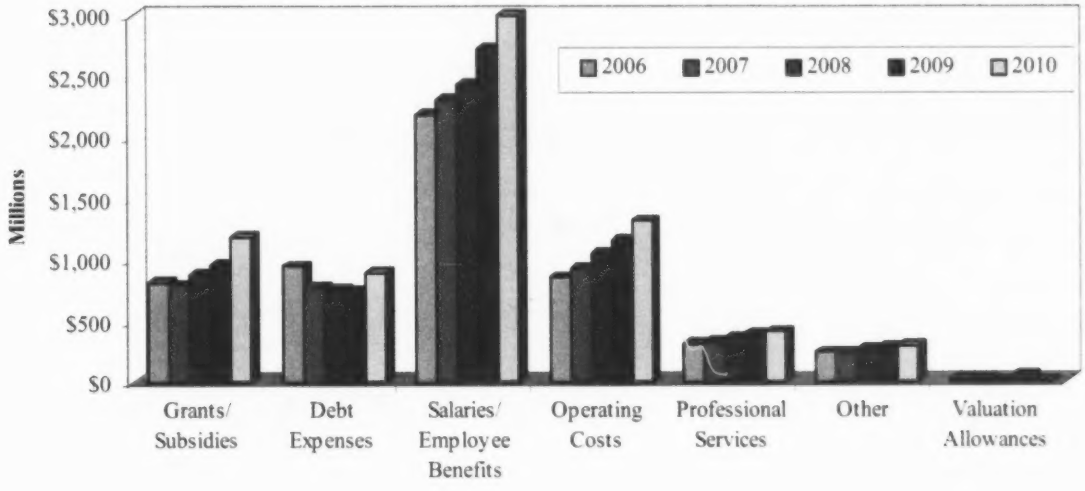
Revenue by Source - 2009



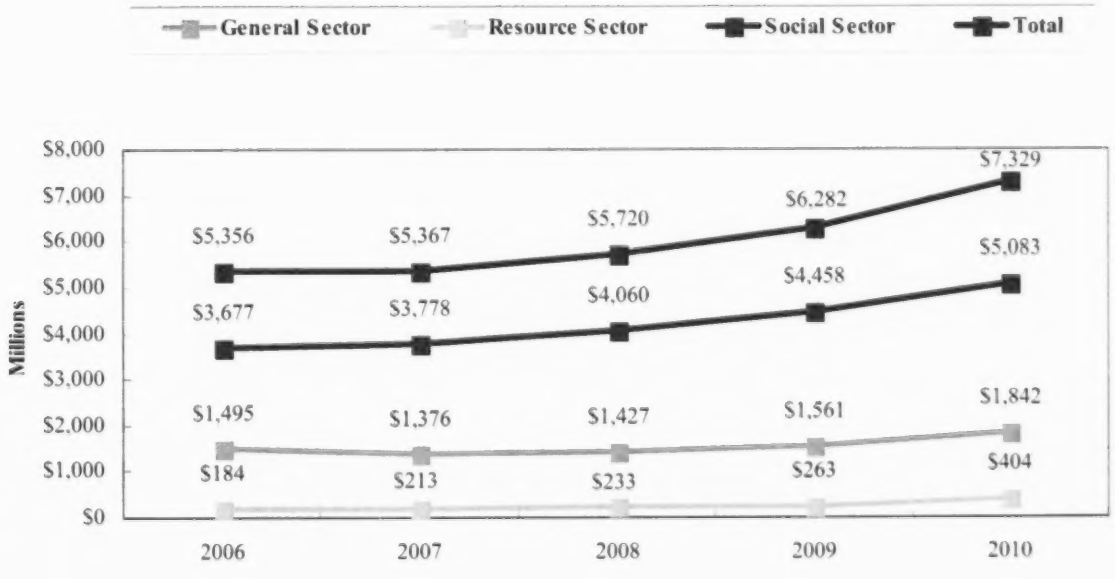
Expenses

The total expenses incurred by the Province for 2010 amounted to $7.3 billion. The following charts and discussion analyze the nature of these expenses by category and sector. In the discussion of expenses by category, it should be noted that the 'Other' category represents minor capital property acquisitions, as well as amortization and loss on sale relating to tangible capital assets.

a) *Expenses by Major Category - 5 Year Comparison*



b) *Expenses by Sector - 5 Year Comparison*



From an analysis of the previous charts and the information presented in the consolidated summary financial statements, the following observations can be made:

- In the past five years, total expenses of the Province have grown by $2.0 billion. The largest growth occurred between 2009 and 2010 at an amount of $1.0 billion.

- Salaries and employee benefits remain the Province's most significant expense, rising steadily over the past five years from $2.2 billion in 2006 to $3.2 billion in 2010.

- The two major components of total expenses are salaries and employee benefits and operating expenses which represent 62.1% of the total for 2010; this is a slight increase compared to 61.6% in 2009.

- Expenses for the social sector were the most significant portion of total expenses by sector in the past five years. This sector's expenses in 2010 were $5,083.2 million, an increase of $625.5 million from 2009, accounting for 69.4% of the total expenses for the year.

c) *Expenses by Category*

The most significant changes in expenses by category between 2009 and 2010 relate to salaries and employee benefits, grants and subsidies, operating costs, and debt expenses.

- Salaries and employee benefits increased by $513.5 million between 2009 and 2010. These increases are attributed mainly to negotiated wage increases, introduction of new initiatives and the enhancement of existing programs resulting in additional hires. In addition, the value of the provincial pension plan assets suffered a large loss in the marketplace during 2009, resulting in a significantly larger expense in 2010.

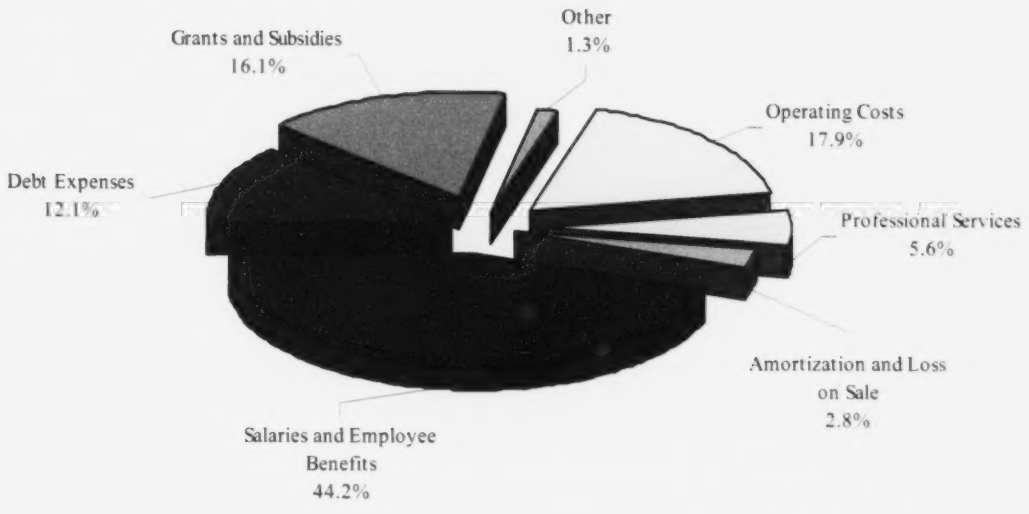
- The increase in grants and subsidies from 2009 to 2010 was $227.0 million, primarily due to higher expenditures in various municipal and federal/provincial infrastructure programs, employment development, programming and support programs, regional economic development and new and existing health care programs, particularly the third party agencies providing community and family support. Additionally, there was increased activity in the Canada/Newfoundland and Labrador Gas Tax Program and special assistance for unanticipated expenses such as disaster relief and isolated economic difficulties relating to a downturn in the newsprint industry.

- Operating costs were $167.7 million higher in 2010 than in 2009, primarily attributed to increased repairs and maintenance for buildings, including schools and hospitals, roads and ferries. There were also increased costs regarding the repairs and maintenance for equipment. Increases in supplies are partially attributed to the new technology used in producing medical and surgical supplies, the move toward more single-use items due to infection control and general inflationary increases and increases in purchased services relating to construction cost for Provincial Parks recreational areas and environmental remediation initiatives.

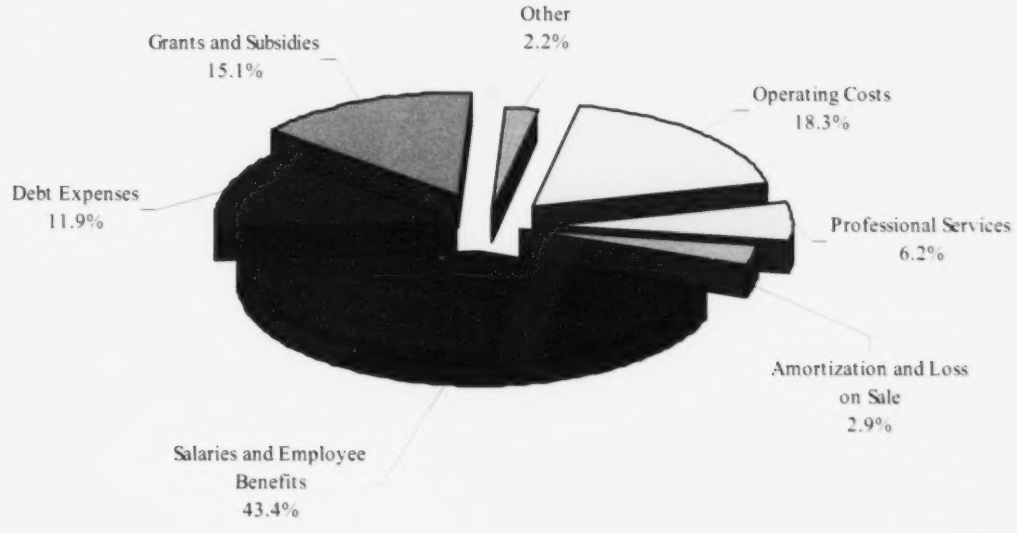
- Debt expenses increased by $145.7 million in 2010 due primarily to increased interest costs associated with the unfunded pension liability.

The following graphs display the expenses by category as a percentage of total expenses for 2010 and 2009.

Expenses by Major Category - 2010



Expenses by Major Category - 2009



KEY INDICATORS

- Key indicators included in this document provide a more complete picture of the Province's financial position at 31 March 2010.

- The common key indicators included herein were primarily identified in a research report issued by the Canadian Institute of Chartered Accountants entitled *Indicators of Government Financial Condition.* These indicators, which are used in assessing a government's financial health in the context of the overall economic and financial environment, can be summarized under the headings of *flexibility, sustainability* and *vulnerability.*

- While there are no established public sector benchmarks for these indicators, one can assess the Province's financial condition through a comparison of previous years' indicators.

- Gross Domestic Product (GDP) and population figures were obtained from Newfoundland and Labrador Statistics Agency's website. Figures used were the latest non-forecasted information available as of 31 March 2010. The figures used in the 2010 and 2009 analysis were the most recently available for each respective year.

Flexibility

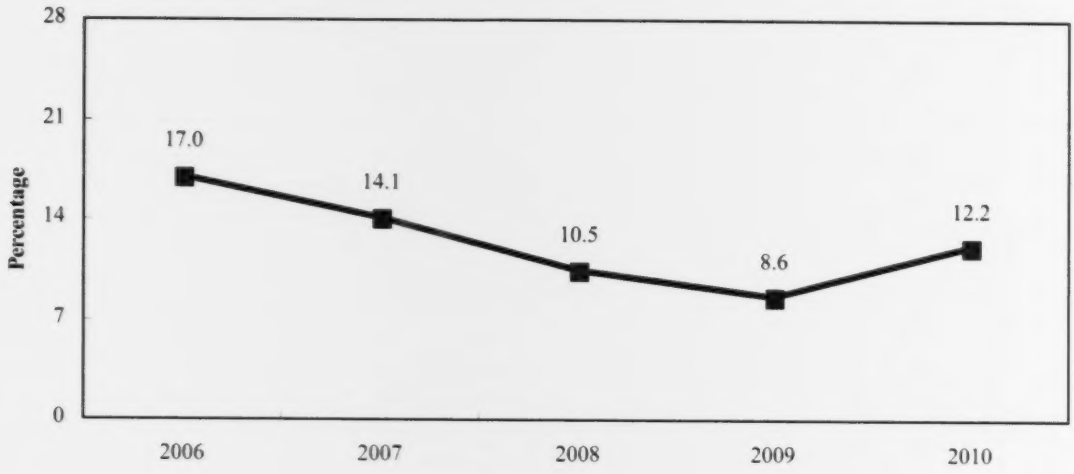
Flexibility refers to the degree to which a government can respond to rising commitments by either expanding its revenues or increasing its debt. Indicators of flexibility include:

a) *Province's Interest Cost as a Percentage of Revenues*

- This ratio measures the extent to which past borrowings may impact the Province's ability to provide for the economic and social needs of its citizens.

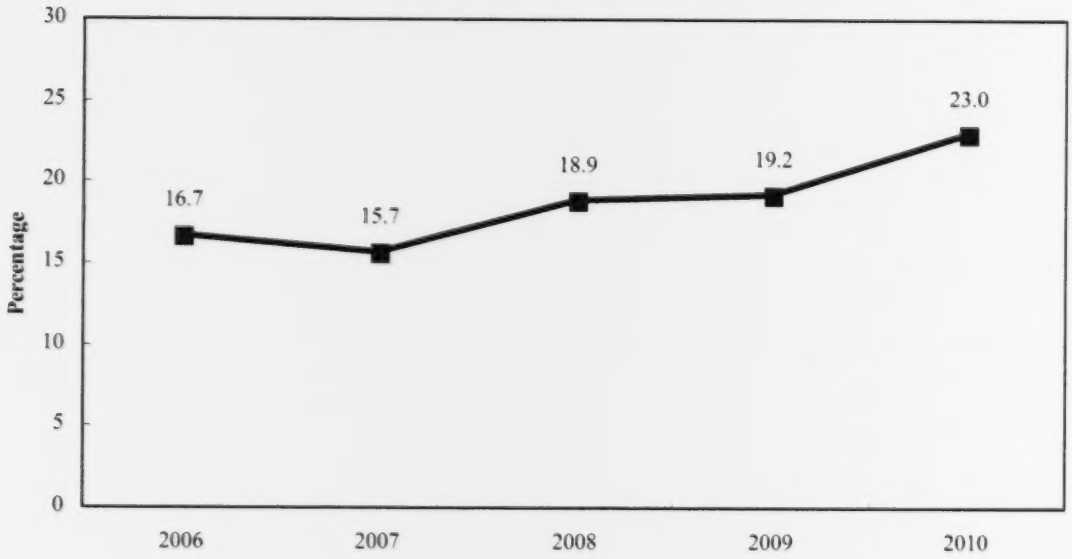
- The following graph indicates that the Province's interest costs as a percentage of revenues has increased in 2010 to 12.2%. The increase in the current year is a result of a decrease in revenue, primarily the Atlantic Accord (2005), combined with an increase in debt expenses from 2009. Over the past five years, the Province's interest costs as a percentage of revenues has decreased from 17.0% in 2006. This reduction is mainly attributable to the Province's increasing revenue base since 2006, as well as its decreasing interest costs.

- The average of this ratio over the past five years is 12.5%. Although declining, interest costs continue to remain a significant expense incurred by the Province.



b) *Provincial Revenues as a Percentage of GDP*

- The purpose of this indicator is to show the extent to which a government is taking income out of the economy in its jurisdiction, through both taxation and user charges.
- The following graph indicates that provincial revenues as a percentage of GDP have been increasing over the last four years.
- The 2010 ratio is 23.0%, an increase from 19.2% in 2009. This ratio remains above the five-year average of 18.7%, which can be attributed to the economic downturn resulting in a decline in GDP, the first provincial decline since 1996.

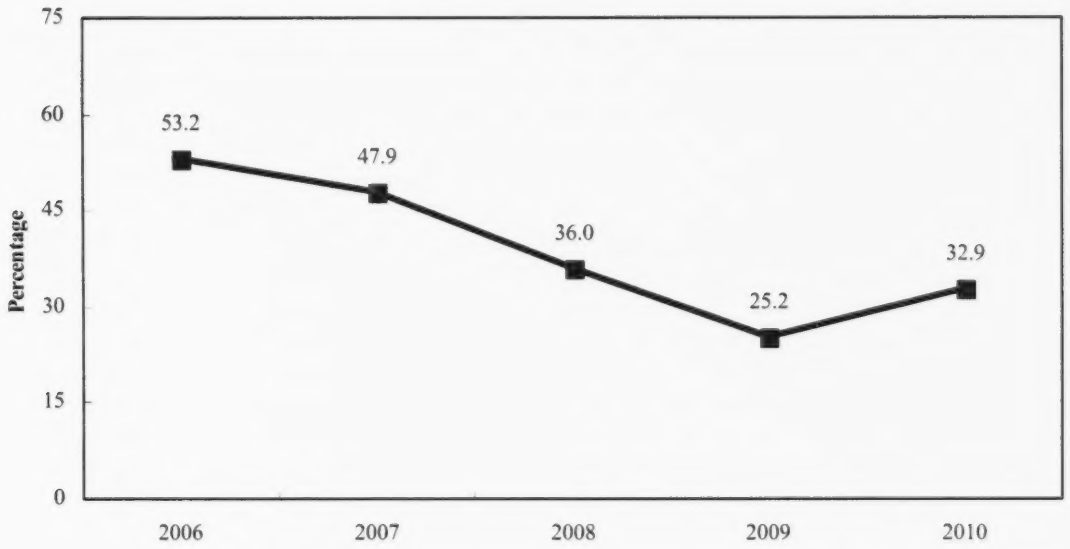


Sustainability

Sustainability refers to the degree to which a government can meet its existing program commitments and creditor requirements without increasing the debt burden on the economy. Indicators of sustainability include:

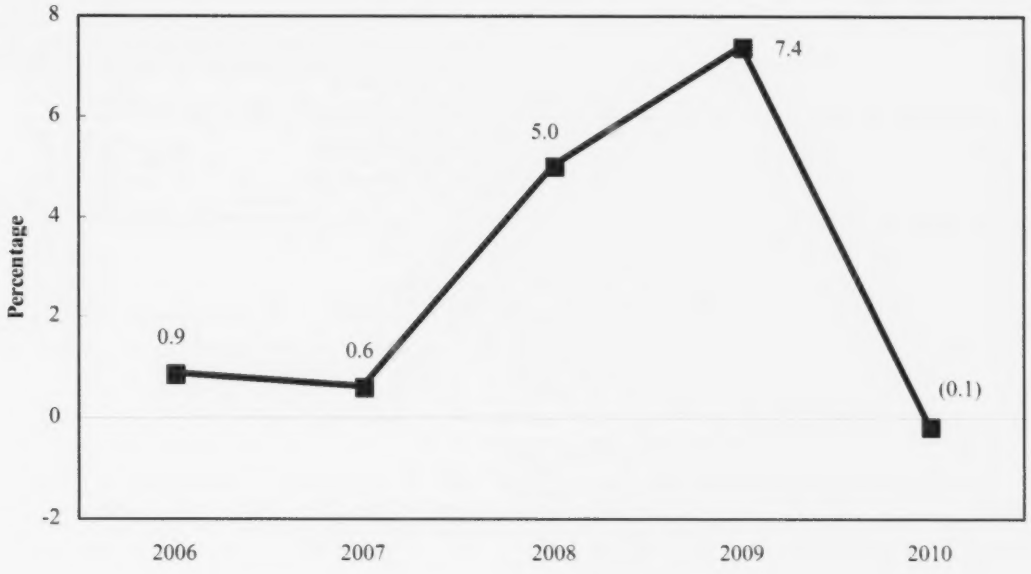
a) *Net Debt as a Percentage of GDP*

- This ratio measures the level of debt that the Province carries as a percentage of its GDP.
- As presented in the following graph, there has been a steady decline in net debt as a percentage of GDP from 2006 to 2009 with an increase in 2010. The increase in the current year resulted from the increase in net debt in addition to the economic downturn resulting in a decline in GDP. On a five year basis, the relationship implies that the rate of decline in net debt has been greater than the rate of economic growth. As this ratio decreases, it indicates that Government has increased ability to manoeuver when making fiscal choices.
- The average of this ratio over the past five years is 39.0%. Since 2006, it has experienced a significant decrease of approximately 20.3%.



b) *Annual Surplus (Deficit) as a Percentage of GDP*

- This ratio measures the difference between revenues and expenses expressed as a percentage of GDP.
- As indicated in the following graph, the annual surplus (deficit) as a percentage of GDP moved to a deficit as a percentage of GDP of (0.1%) in 2010 after significant increases from 2006 to 2009 to a surplus of 7.4%. The average of this ratio over the past five years is 2.8%. The current decline suggests that the Province's ability to meet its financial obligations has decreased.



Vulnerability

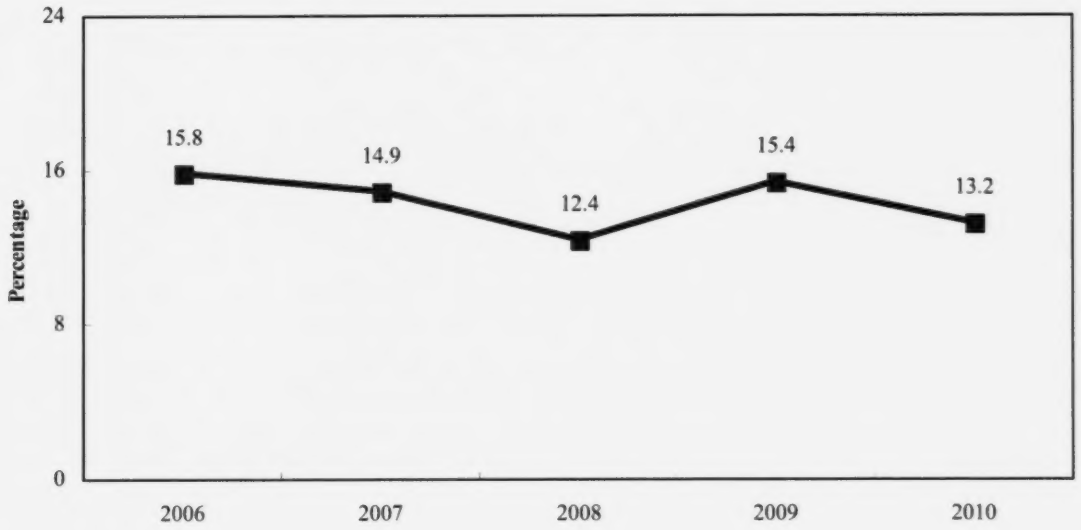
Vulnerability refers to the degree to which a government is dependent on, and therefore vulnerable to, sources of funding outside of its control or influence. Indicators of vulnerability include:

a) *Foreign Currency Debt as a Percentage of Net Borrowings*

- This ratio measures the Province's foreign currency debt relative to its net borrowings. It reflects the degree of vulnerability to which the Province is subject in relation to foreign currency swings.

- As indicated in the following graph, after an increase in 2009 to a percentage comparable to 2006, foreign currency debt as a percentage of net borrowings has decreased to 13.2% in 2010. The decrease in the current year occurred due to declines in both foreign currency debt and net borrowings with a greater rate of decline in foreign currency debt than in net borrowings. This decrease illustrates that the Province is less vulnerable to changes in foreign currency exchange rates than in the previous years.

- The average of this ratio over the past five years is 14.3%. While foreign currency debt has historically represented a significant portion of net borrowings, this ratio has declined to slightly below the average to 13.2%.

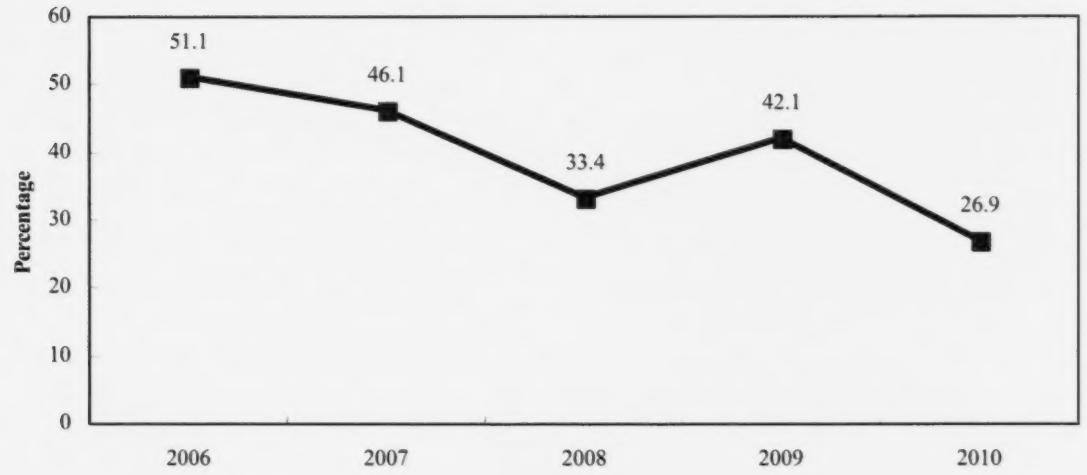


b) ***Federal Transfers as a Percentage of Provincial Revenues***

- This ratio measures the extent to which the Province increases its own revenues from within the Province as compared to the extent it receives funds from the Federal Government.

- As indicated in the following graph, with the exception of 2009, federal transfers as a percentage of provincial revenues have been declining since 2006. The increase in 2009 was primarily due to recognition of the remaining unearned balance of the Atlantic Accord 2005. While this trend indicates that the Province is becoming more self-reliant, the fiscal policy decisions of the Federal Government continue to have an impact on the Province's financial position.

- The 2010 ratio of federal transfers as a percentage of revenue generated from provincial sources has decreased to 26.9% which is less than the five-year average of 39.9%. This indicates the Province's historically heavy dependance on funding from the Federal Government is gradually being reduced.

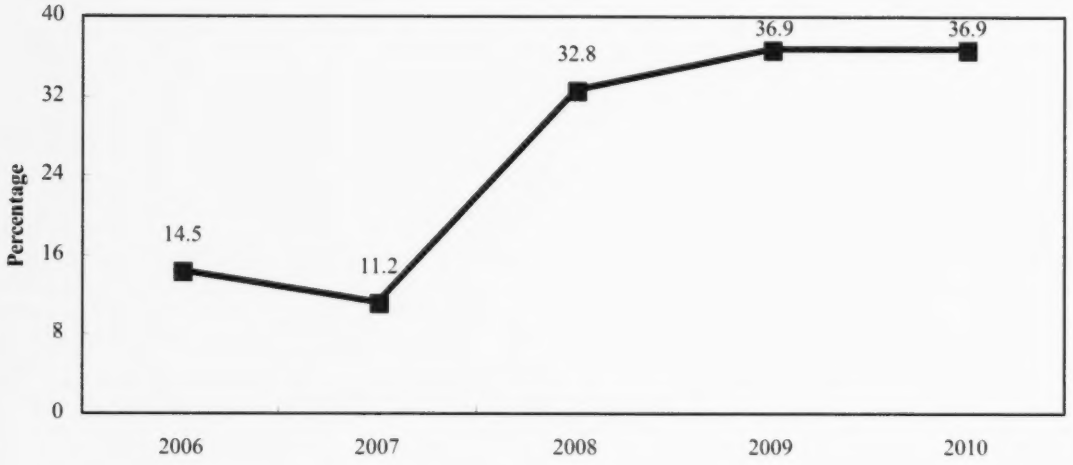


c) *Offshore Royalties as a Percentage of Provincial Revenues*

- This ratio measures the Province's offshore royalty revenues in relation to total provincial revenues. It reveals the degree to which the Province relies on revenues from offshore royalties as a source of funding.

- As indicated in the following graph, offshore royalties as a percentage of provincial revenues have increased significantly since 2006 even with a decrease of 3.3% between 2006 and 2007. This indicates that the Province continues to rely more on offshore royalties for revenues.

- For the past five years, the average ratio of offshore royalties to provincial revenues is 26.5%. In 2010, the ratio is 36.9%, significantly greater than the five year average. While this ratio is consistent with 2009, overall the Province is increasingly more dependent on revenues from offshore royalties; a revenue source which is subject to the volatility of market factors such as the price of oil.



FINANCIAL PERFORMANCE

As presented in this report, the Province reported a deficit after four consecutive consolidated surpluses. The deficit was however, substantially lower than originally budgeted. The recent surpluses along with investments in the Province's economy and improved oil prices have better positioned the Province to weather the global recession and minimize its impacts on the Province's financial situation. The Province continues to face challenges to reduce the level of debt and while additional stimulus spending is necessary, the government must strive to maintain sustainable levels of spending.

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Province of Newfoundland and Labrador

Consolidated Summary Financial Statements

For The Year Ended 31 March 2010

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Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Finance

15 December 2010

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the consolidated summary financial statements of the Province of Newfoundland and Labrador rests with the Government. As required under Section 59 of the *Financial Administration Act*, these consolidated summary financial statements are prepared by the Comptroller General of Finance in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note 1 to these consolidated summary financial statements. These consolidated summary financial statements are prepared based upon information provided by the various Government departments and the noted Crown corporations, boards and authorities pursuant to Section 19 of the *Transparency and Accountability Act* and Section 20 of the *Financial Administration Act*.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The consolidated summary financial statements in this volume include a Consolidated Statement of Financial Position, a Consolidated Statement of Change in Net Debt, a Consolidated Statement of Operations, a Consolidated Statement of Change in Accumulated Deficit, a Consolidated Statement of Cash Flows and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 11 of the *Auditor General Act*, the Auditor General of Newfoundland and Labrador provides an independent opinion on the consolidated summary financial statements.

THOMAS W. MARSHALL, Q.C.
Minister of Finance and President
of Treasury Board

RONALD A. WILLIAMS, CA
Comptroller General of Finance

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OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

I have audited the consolidated statement of financial position of the Province of Newfoundland and Labrador as at 31 March 2010 and the consolidated statements of change in net debt, operations, change in accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated summary financial statements present fairly, in all material respects, the financial position of the Province of Newfoundland and Labrador as at 31 March 2010 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles and, pursuant to Section 11 of the *Auditor General Act*, in accordance with the accounting policies of the Provincial government as disclosed in Note 1 to these financial statements applied on a basis consistent with that of the preceding year.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 December 2010

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Financial Position
As at 31 March 2010
with comparative figures for 2009

		Actuals 2010 ($000)	Actuals 2009 ($000)
	FINANCIAL ASSETS		
	Cash and temporary investments - note 2	1,921,837	2,267,497
Sch. 1	Receivables (net of valuation allowances)	898,220	765,682
	Inventories held for resale - note 3	4,926	10,947
Sch. 2	Loans, advances and investments (net of valuation allowances)	269,880	273,683
Sch. 3	Equity in government business enterprises - note 1(b)	1,244,315	1,131,877
	Total Financial Assets	4,339,178	4,449,686
	LIABILITIES		
Sch. 5	Payables, accrued and other liabilities	2,235,770	2,307,626
	Deferred revenue - note 4	161,495	168,268
Sch. 6	Borrowings (net of sinking fund assets)	6,011,644	6,594,629
	Plus: Unamortized unrealized foreign exchange gains (losses) - note 5	205,556	13,404
		6,217,200	6,608,033
	Group health and life insurance retirement benefits - note 6	1,767,625	1,630,013
	Unfunded pension liability - note 7	2,177,173	1,704,199
	Total Liabilities	12,559,263	12,418,139
	NET DEBT	8,220,085	7,968,453
	NON-FINANCIAL ASSETS		
Sch. 9	Tangible capital assets	2,614,407	2,397,103
	Prepaid and deferred charges - note 8	44,189	35,557
	Inventories of supplies - note 3	46,558	33,887
	Total Non-Financial Assets	2,705,154	2,466,547
	ACCUMULATED DEFICIT	5,514,931	5,501,906

Contingent Liabilities - note 9

Contractual Obligations - note 10

Externally Restricted Assets - note 11

Sch. 7 Guaranteed Debt - note 12

Sch. 8 Trust Accounts - note 9(c)(iii)

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Net Debt
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010	Original Estimates 2010 (Note 16)	Actuals 2009
	($000)	($000)	($000)
NET DEBT - beginning of period	7,968,453	7,896,453	10,188,042
Add (Deduct):			
Adjustments:			
Government organization changes - note 13	(19,550)	-	21,067
ADJUSTED NET DEBT - beginning of period	7,948,903	7,896,453	10,209,109
Surplus (Deficit) for the period	(32,575)	(749,531)	2,350,400
Changes in tangible capital assets			
Acquisition of tangible capital assets	422,429	516,021	297,119
Net book value of tangible capital asset disposals/adjustments	(5,554)	-	(5,461)
Amortization of tangible capital assets	(199,571)	(207,546)	(180,524)
Increase (Decrease) in net book value of tangible capital assets	217,304	308,475	111,134
Changes in other non-financial assets			
Acquisition of prepaid and deferred charges (net of usage)	8,632	-	(1,374)
Acquisition of inventories of supplies (net of consumption)	12,671	-	(16)
Increase (Decrease) in other non-financial assets	21,303	-	(1,390)
Increase (Decrease) in net debt	271,182	1,058,006	(2,240,656)
NET DEBT - end of period	8,220,085	8,954,459	7,968,453

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Operations
For the year ended 31 March 2010
with comparative figures for 2009

		Actuals 2010	Original Estimates 2010 (Note 16)	Actuals 2009
		($000)	($000)	($000)
REVENUE				
Sch. 10	Provincial			
Sch. 10	Taxation	2,600,977	2,592,509	2,779,320
Sch. 10	Investment	209,787	207,260	244,959
Sch. 10	Fees and fines	243,643	227,879	238,328
Sch. 10	Offshore royalties	2,121,311	1,312,600	2,238,563
Sch. 10	Other	384,680	351,026	367,807
Sch. 10	Government of Canada	1,545,442	1,731,315	2,557,616
		7,105,840	6,422,589	8,426,593
Sch. 4	Net income of government business enterprises	190,938	189,342	205,368
	Total Revenue	7,296,778	6,611,931	8,631,961
EXPENSE				
Sch. 11	General Government Sector and Legislative Branch	1,842,419	1,905,712	1,560,923
Sch. 11	Resource Sector	403,738	353,492	262,948
Sch. 11	Social Sector	5,083,196	5,102,258	4,457,690
Sch. 12	***Total Expense***	7,329,353	7,361,462	6,281,561
ANNUAL SURPLUS (DEFICIT)		(32,575)	(749,531)	2,350,400

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Accumulated Deficit
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010	Original Estimates 2010 (Note 16)	Actuals 2009
	($000)	($000)	($000)
ACCUMULATED DEFICIT - beginning of period	5,501,906		7,795,725
Add (Deduct):			
Adjustments:			
Government organization changes - note 13	(19,550)		56,581
ADJUSTED ACCUMULATED DEFICIT - beginning of period	5,482,356		7,852,306
Surplus (Deficit) for the period	(32,575)	(749,531)	2,350,400
ACCUMULATED DEFICIT - end of period	5,514,931		5,501,906

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Cash Flows
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010	Actuals 2009
	($000)	($000)
Funds provided from (applied to):		
OPERATIONS		
Annual surplus (deficit)	(32,575)	2,350,400
Add (Deduct) non-cash items:		
Amortization of foreign exchange gains/losses	(997)	(16,420)
Amortization of tangible capital assets	199,571	180,524
Retirement costs	690,045	367,194
Valuation allowances	7,790	39,947
Unremitted net income of government business enterprises	(66,938)	(406,868)
Sinking fund earnings	(48,100)	(47,423)
Deferred revenue	(6,773)	(1,136,554)
Other	(254,545)	300,978
Net cash provided from (applied to) operating transactions	487,478	1,631,778
CAPITAL		
Acquisitions	(422,429)	(297,119)
Disposals	1,738	1,599
Net cash provided from (applied to) capital transactions	(420,691)	(295,520)
FINANCING		
Debt issued	4,058	16,745
Debt retirement	(346,520)	(358,304)
Special purpose funds/contractors' holdback funds	10,415	932
Treasury bills redeemed	(1,974,265)	(1,926,076)
Treasury bills purchased	1,974,852	1,929,050
Equalization loan	-	(31,534)
Sinking fund proceeds	55,875	-
Sinking fund contributions	(51,922)	(40,996)
Retirement of pension liabilities	(104,854)	(4,515)
Net cash provided from (applied to) financing transactions	(432,361)	(414,698)
INVESTING		
Loan repayments	67,494	76,901
Loan advances	(32,493)	(40,398)
Investments	(15,087)	(6,556)
Net cash provided from (applied to) investing transactions	19,914	29,947
Net cash provided (applied)	(345,660)	951,507
Cash and temporary investments - beginning of period	2,267,497	1,315,990
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	1,921,837	2,267,497

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Consolidated Financial Statements
For the year ended 31 March 2010

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of organizations, as approved by Treasury Board, which are controlled by Government. These organizations are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislature.

A listing of organizations included in these financial statements is provided in Schedule 15 - Government Reporting Entity.

(b) Method of Consolidation

The accounts of government organizations, except those designated as government business enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described below. Inter-organizational transactions and balances are eliminated.

A government business enterprise is an organization, included in the reporting entity, that has the financial and operating authority to carry on a business and sell goods and services to individuals and non-government organizations as its principal activity and source of revenue.

Government business enterprises are recorded on the modified equity method. Under this method, the Government's equity in these enterprises is adjusted annually to reflect the net income/loss and other net equity changes of the enterprise without adjusting the enterprise's financial statements to conform with the accounting policies described below. Inter-organizational transactions and balances are not eliminated.

Adjustments are not made to the financial results of government organizations because of fiscal year-ends different than that used for the consolidated entity, unless it would have a significant impact on the consolidated operating results.

(c) Basis of Accounting

(i) *Method*

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) *Revenues*

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known.

Other revenues are recorded on an accrual basis.

(iii) *Expenses*

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) *Assets*

Temporary investments are recorded at cost or market value, whichever is lower.

Receivables are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Inventories held for resale are recorded at the lower of cost or net realizable value.

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

Loans and advances are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Equity in government business enterprises represents the net assets of government business enterprises recorded on the modified equity basis as described under note 1(b).

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

Tangible capital assets held by the Province are recorded at cost or estimated cost less accumulated amortization.

(v) *Liabilities*

Payables, accrued and other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Deferred revenue represents amounts received but not earned.

Borrowings, except treasury bills, are recorded at face value and are reported net of sinking funds. Treasury bills are recorded at net proceeds. The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria are met.

(vii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(d) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistent with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2010	31 March 2009
	($mil)	($mil)
Cash and temporary investments - Consolidated Revenue Fund (CRF)	1,404.9	1,850.5
Cash and temporary investments - Other Entities:		
Cash balance (overdraft)	436.9	332.1
Temporary investments	80.0	84.9
Total cash and temporary investments - Other Entities	516.9	417.0
Cash and temporary investments (CRF and Other Entities)	1,921.8	2,267.5

Temporary investments consist of investments with financial institutions. As at 31 March 2010, these investments are on call or have maturity dates ranging from 8 October 2010 to 15 June 2014 at interest rates which vary from prime less 1.85% to 7.00%.

3. Inventories

Inventories consist of:

	31 March 2010	31 March 2009
Inventories held for resale	($mil)	($mil)
University and college textbooks, stockroom and food supplies	3.4	3.5
Newfoundland and Labrador Housing Corporation land assemblies	1.3	7.3
Other entities	0.2	0.1
Total inventories held for resale	4.9	10.9
Inventories of supplies		
Medical and drug supplies held by health sector entities	23.4	14.8
Textbooks and stockroom supplies held within the Consolidated Revenue Fund.	21.9	17.7
Other miscellaneous supplies	1.3	1.4
Total inventories of supplies	46.6	33.9

4. Deferred Revenue

Deferred revenue consists of:

	31 March 2010 ($mil)	31 March 2009 ($mil)	Change ($mil)
Entities in the education sector relating to the provision of various educational services including contract training and special projects	81.2	60.0	21.2
Federal initiatives in support of public transit, clean air and climate change, affordable housing, community development, employment development and police officers	29.2	51.9	(22.7)
Federal government funding for various health care initiatives	15.2	30.7	(15.5)
Entities in the health sector relating to the provision of various health care services including research and other contracts	11.9	12.7	(0.8)
Other miscellaneous programs including recycling programs, social and economic development and cultural heritage	24.0	13.0	11.0
Total deferred revenue	161.5	168.3	(6.8)

The balance as of 31 March 2010 will be recognized as revenue in the periods in which the revenue recognition criteria have been met.

5. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2010 or the exchange rate at maturity for these debt and sinking funds retired during the fiscal year. See Schedule 6 - Borrowings. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is $0.8 million which represents a credit adjustment (31 March 2009 - $13.2 million-credit adjustment).

	31 March 2010 ($mil)	31 March 2009 ($mil)
Foreign exchange gain (loss):		
Debt	205.0	(52.7)
Sinking funds	(52.3)	12.4
Net	152.7	(40.3)
Total accumulated amortization	52.9	53.7
Net unamortized unrealized foreign exchange gains (losses)	205.6	13.4

6. Retirement Benefits - Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Public Service Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers Association (NLTA) and cost shared by Government. All retired employees of the Newfoundland and Labrador Housing Corporation (NLHC) are eligible to participate in the group insurance plans sponsored by NLHC. All retired employees of Memorial University of Newfoundland (MUN) who are receiving a pension from the Memorial University Pension Plan or another retirement benefit to which MUN contributed are eligible to participate in the group insurance plans sponsored by MUN. These programs provide both group health and group life benefits to enrolled retirees.

Under the plans sponsored by the Province, NLTA and NLHC, the employer contributes 50% towards group health and group life premiums for both employees and retirees. Plans sponsored by the NLTA are subject to the maximum rates under the NLTA's program. For plans sponsored by MUN, the employer also contributes 50% of the total premium charged towards the benefits of both employees and retirees, with the exception of certain retirees whose health benefits are fully funded by MUN. As at 31 March 2010, the total of all the plans provided benefits to 19,630 retirees.

Actuarial Valuations

An actuarial valuation was prepared by the Province's actuaries (valuation date of 31 March 2009) for the programs sponsored by the Province and the NLTA. The actuarial valuation was based on a number of assumptions about future events including an interest rate of 5.20%, Consumer Price Index (CPI) of 2.50%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

An actuarial extrapolation was prepared to 31 March 2010 by NLHC's actuaries based on the latest actuarial valuation (valuation date of 31 March 2009) for the programs sponsored by NLHC. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 6.0%, CPI of 2.5%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect NLHC's best estimates of expected long-term rates and short-term forecasts.

An extrapolation was also prepared to 31 March 2010 by MUN's actuaries based on the latest actuarial valuation (valuation date of 31 March 2008) for the programs sponsored by MUN. The valuation was based on a number of assumptions about future events and include an interest rate of 5.7%, CPI of 3.0%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect MUN's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation	Unamortized Experience Losses	Net Liability 2010	Net Liability 2009	Difference
	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	1,867.0	(180.7)	1,686.3	1,552.3	134.0
Group life insurance retirement benefits	87.6	(6.3)	81.3	77.7	3.6
	1,954.6	(187.0)	1,767.6	1,630.0	137.6

There are no fund assets associated with these plans.

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Employer's Share of Current Period Costs	Interest Expense on the Liability	Employer's Current Period Contributions	Current Period Amortization of Experience Changes	Other Adjustments	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	59.4	91.9	(34.2)	16.9	-	134.0
Group life insurance retirement benefits	1.8	4.4	(3.3)	0.4	0.3	3.6
	61.2	96.3	(37.5)	17.3	0.3	137.6

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as debt expenses in the financial statements. Interest expense for 31 March 2009 amounted to $82.1 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

7. Retirement Benefits - Pensions

Defined Benefits

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. In addition, Memorial University of Newfoundland (MUN) also has a defined benefit pension plan for full time employees known as the Memorial University of Newfoundland Pension Plan. Combined, the plans have 40,905 participants as at 31 March 2010.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2010, the plans provided benefits to 24,774 pensioners. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan nor to pensioners of the Teachers' Pension Plan who retired prior to 1 September 1998.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the *Pensions Funding Act*, with the Minister of Finance as Trustee. This Fund administers all financial activity, including the collection of all contributions and the payment of pensions and the investment of funds for all the pension plans noted above with the exception of the Memorial University of Newfoundland Pension Plan. The financial activity of the Memorial University of Newfoundland Pension Plan is administered by MUN. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Public Service Pension Plan

Employee contributions are 8.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund and provides for the remainder of benefits under the Plan.

Teachers' Pension Plan

Employee contributions are 9.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component is administered within the Province of Newfoundland and Labrador Pooled Pension Fund and provides benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund and provides for the remainder of benefits under the Plan.

Memorial University of Newfoundland Pension Plan

Employee contributions are 9.8% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

In addition to the above Registered component, in May 1996, MUN approved a Supplemental Retirement Income Plan to provide benefits to employees whose salaries exceed the maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefits payable from the Memorial University of Newfoundland Pension Plan as per limits set out in the federal *Income Tax Act*. As well, in February and May 1996, MUN offered employees who reached the age of 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the Voluntary Early Retirement Incentive Program. The program provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment.

Uniformed Services Pension Plan

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 1 April 1998, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. For members elected for the first time after 31 December 2009 the percentage is 3.5% for each year of service as a Member. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the *Members of the House of Assembly Retiring Allowances Act* was enacted to restructure the Members of the House of Assembly Pension Plan into two components based on limits set out in the federal *Income Tax Act*. The first, or Registered component, is administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, is administered in the accounts of the Consolidated Revenue Fund.

Provincial Court Judges' Pension Plan

Effective 1 April 2002 (pursuant to the *Provincial Court Judges' Pension Plan Act* enacted 8 June 2004) the Provincial Court Judges' Pension Plan was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 1 April 2002 are required to join this Plan. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the judge's annual salary. The Registered component of the Plan, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal *Income Tax Act* with the remainder of the benefit provided by the Supplementary component. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's and MUN's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's and MUN's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

The expected average interest rate for the Public Service Pension Plan is 7.25%. The expected rate for the Teachers' Pension Plan is 7.25% projected on a long-term basis. The expected rate for the Memorial University of Newfoundland Pension Plan for the Registered component is 6.5% and the Supplemental Retirement Income Plan and the Voluntary Early Retirement Income Plan is 5.7% projected on a long-term basis. The expected rate for the Uniformed Services Pension Plan is 7.25% projected on a long-term basis. The expected rate for the Members of the House of Assembly Pension Plan is 7.25% for the Registered component and 4.25% for the Supplementary Employee Retirement component, projected on a long-term basis. The expected rate for the Provincial Court Judges' Pension Plan is 6.75% for the Registered component and 4.25% for the Supplementary Employee Retirement component, projected on a long term basis.

Expected Inflation Rates

The expected inflation rate for MUN's pension plan is 3.5% and 2.5% for all other plans.

The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

Pension Plan	Valuation Date
Public Service	31 December 2006
Teachers'	31 August 2006
Memorial University of Newfoundland	31 March 2008
Uniformed Services	31 December 2008
Members of the House of Assembly	31 December 2006
Provincial Court Judges'	31 December 2007

Actuarial extrapolations are provided for accounting purposes by the Province's and MUN's actuaries based on the above dates, unless otherwise noted.

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefit obligation and the value of the plan assets reported below have been extrapolated by the Province's and MUN's actuaries to 31 March 2010. The actual results of future valuations may result in variances from these extrapolations.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Losses	Net Unfunded Liability 2010	Net Unfunded Liability 2009	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	5,732.0	3,410.7	(991.0)	1,330.3	1,037.8	292.5
Teachers'	3,796.2	2,451.9	(776.7)	567.6	351.3	216.3
Memorial University of Newfoundland	1,051.3	727.6	(261.2)	62.5	24.1	38.4
Uniformed Services	335.0	158.8	(32.4)	143.8	222.9	(79.1)
Members of the House of Assembly	90.8	11.9	(13.2)	65.7	62.1	3.6
Provincial Court Judges'	11.2	3.1	(0.8)	7.3	6.0	1.3
Total	11,016.5	6,764.0	(2,075.3)	2,177.2	1,704.2	473.0

Pension Fund Assets, with the exception of the Memorial University of Newfoundland Pension Plan, are valued at the market value at 31 December 2009 and projected to year end. Pension Fund Assets for the Memorial University of Newfoundland Pension Plan are valued at the market value at 31 March 2010.

Special Payments

During the year, MUN made a special payment of $4.9 million towards the balance of the 31 March 2008 unfunded liability. During 2009-10 the Province made a payment of $100 million to address the unfunded liability of the Uniformed Services Pension Plan.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Other Adjustments	Unfunded Portion of Current Period Pension Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	76.6	184.8	(103.2)	134.3	-	292.5
Teachers'	24.3	113.1	(39.6)	118.5	-	216.3
Memorial University of Newfoundland	23.8	19.9	(27.7)	22.4	-	38.4
Uniformed Services	2.9	15.0	(103.7)	6.7	-	(79.1)
Members of the House of Assembly	2.0	3.7	(5.9)	3.8	-	3.6
Provincial Court Judges'	1.0	0.4	(0.2)	0.1	-	1.3
Total	130.6	336.9	(280.3)	285.8	-	473.0

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2009 amounted to $169.9 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Other Pension Plans

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 29,601 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the London Life Insurance Company and at 31 March 2010 assets had a market value of $237.0 million (31 March 2009 - $200.1 million).

8. Prepaid and Deferred Charges

Prepaid and deferred charges consist of:

	31 March 2010	31 March 2009
	($mil)	($mil)
Workers' compensation fees	10.1	8.6
Maintenance contracts	6.0	2.6
Property taxes and other municipal fees	5.4	4.5
Software licences	5.3	3.9
Computer network and accessories	4.6	-
Insurance costs	3.9	3.3
Library operating supplies	1.9	1.3
Rent	0.9	0.7
Prepaid bursaries and travel costs	0.8	0.8
Membership fees and subscriptions	0.3	4.1
Other prepaid and deferred charges	5.0	5.8
Total prepaid and deferred charges	44.2	35.6

9. Contingent Liabilities

(a) Guaranteed Debt

Guarantees made by the Province as at 31 March 2010 amounted to $1,035.2 million (31 March 2009 - $1,180.5 million). In addition, the Province guaranteed the interest thereon. See Schedule 7 - Guaranteed Debt.

(b) Legal Actions

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care.

(ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

(c) Other

(i) *Registrar of the Supreme Court*

The Province of Newfoundland and Labrador guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee, etc. (*Judicature Act*). See Schedule 8 - Trust Accounts.

(ii) *Pensions*

a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the *Pensions Funding Act*, the Consolidated Revenue Fund is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See note 7.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act,* if there is insufficient money in the Memorial University of Newfoundland Pension Fund to provide for the payment of applicable expenditures as they fall due, the Consolidated Revenue Fund is liable for payment of an amount to cover the deficiency. As at 31 March 2010, the Memorial University of Newfoundland Pension Plan had a net unfunded pension liability for funding purposes of $292.5 million (31 March 2009 - $271.0 million). However, there currently exists sufficient money in the Fund for the payment of expenditures as they fall due. See note 7.

(iii) *Trust Accounts*

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule 8 - Trust Accounts.

(iv) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was $21.6 million.

The Corporation was dissolved with effect from 01 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(v) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has issued guarantees totalling $0.1 million. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totalling $12.2 million, of which $9.8 million has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule 2 - Loans, Advances and Investments.

(vi) *Environmental Responsibility*

As a result of delivering its stated programs and initiatives, there are a number of sites throughout the Province which are considered potentially contaminated sites. A liability will be accrued in the financial statements when it has been determined that the Province is liable for a site which has become contaminated and where a reasonable estimate of the remediation costs can be made. To date, $21.1 million has been recorded (see Schedule 5 - Payables, Accrued and Other Liabilities). Where it is uncertain as to whether an obligation exists for the Province to remediate a contaminated site, then information on any such sites will be disclosed as contingent liabilities.

As at 31 March 2010, while the Province is aware of a number of contaminated sites, the full extent of the remediation costs for these known sites is not readily determinable other than those indicated below. It is the responsibility of the departments and entities to identify any other potentially contaminated sites which are owned by the Province and to collect the information necessary to assess the extent or likelihood of any environmental damage. As contaminated sites are identified, additional environmental liabilities may be recognized or contingent liabilities disclosed due to newly identified sites and/or changes in the assessments of currently known sites.

Former Abitibi-Consolidated Sites

In December 2008, the Province passed legislation entitled *Abitibi-Consolidated Rights and Assets Act*, to expropriate certain rights and assets from Abitibi-Consolidated. Abitibi-Consolidated filed for creditor protection, and was granted a stay of creditor proceedings under the *Companies' Creditor Arrangements Act* ("CCAA") on 17 April 2009. The Province petitioned the CCAA court for a declaration that Abitibi-Consolidated is responsible for full compliance with the Provincial *Environmental Protection Act*, including clean-up of its former sites. The CCAA court ruled that any claims that the Province may have regarding clean-up of the former sites can be compromised and extinguished by the CCAA process, the practical effect of which is that the Province could bear the burden of clean-up of these sites.

In November 2010, the Province was granted leave to appeal this issue to the Supreme Court of Canada. Until the appeal is heard, the Province cannot determine the likelihood of whether it will be ultimately responsible for environmental remediation. While it has been determined that the sites do contain contamination, the exact cost will not be known until Abitibi-Consolidated submits remediation plans, and until the Province completes further environmental assessments, human health risk assessments and risk analysis. A liability for $6.0 million has been recorded for work completed subsequent to year-end to address an immediate health risk at one of the sites.

Former Mining Sites

The Province owns two former mining sites which have estimated costs for remediation that are potentially significant; the former Baie Verte Asbestos Mine (estimated costs of $40.0 million) and the former Consolidated Rambler Mines Copper Mine (estimated costs of $96.0 million). The Province has completed remediation at these sites designed to address human health and safety issues. While additional remediation could be required for all or a portion of these sites if further human health and safety issues are identified or if there is demonstrated environmental degradation, no remediation expenditures are planned for the next five years.

10. Contractual Obligations

Contractual obligations consist of:

	31 March 2010	31 March 2009
	($mil)	($mil)
Capital projects	479.0	321.7
Provincial policing service agreement	116.5	175.4
Lease payments	104.2	84.1
Ferry services	51.2	73.2
Economic development	39.8	3.1
Information technology services	24.9	33.9
Telephone services	16.6	-
Forestry management	13.7	12.9
Food services	5.9	6.3
Energy savings projects	5.3	7.2
Other agreements	30.9	20.5
Total contractual obligations	888.0	738.3

Contractual obligations are those to outside organizations in respect of contracts entered into before 31 March 2010. These contractual obligations will become liabilities when the terms of the contracts are met. Payments in respect of these contracts and agreements for the Consolidated Revenue Fund are subject to voting of supply by the Legislature.

11. Externally Restricted Assets

Externally restricted assets amount to $60.3 million (31 March 2009 - $56.8 million) of which $54.2 million relates to Memorial University of Newfoundland consisting of assets held for endowment purposes whereby the principal is not expendable. Income earned on these assets is required to be used for the purpose specified by the donors and hence can not be used for other operating purposes. The externally restricted assets consist of donations and investments which are to be used for scholarships, assistance, professional recruitment and development, equipment and other external endowments. Externally restricted assets of other entities amount to $6.1 million which relate to various donations designated for specified purposes.

12. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt (see note 9(a)) is nil (31 March 2009 - nil).

13. Government Organization Changes

The Net Debt and Accumulated Deficit at 31 March 2010 has been decreased by $19.6 million to reflect the change to the prior year's amounts in the 31 March 2009 financial statements of certain entities. Of the $19.6 million, $4.3 million relates to changes in accounting policies for a Government Business Enterprise. The $4.3 million is comprised of $5.5 million related to recognizing accumulated other comprehensive income arising from unrealized gains on sinking fund investments partially offset by $1.2 million related to a corporation that was consolidated into the Government reporting entity in the prior year. The shares of this corporation were purchased during the year by a Government Business Enterprise and is reported in the Government reporting entity using the modified equity method. In addition, $9.8 million relates to changes in the Government Reporting Entity for 2009-10 with the remaining $5.5 million relating to other changes in entities' accounting policies and restatements. The Accumulated Deficit at 31 March 2009 has been increased by $56.6 million and Net Debt increased by $21.1 million to reflect the change to the prior year's amounts in the 31 March 2008 financial statements of certain entities. These changes have been applied retroactively without restatement.

14. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of retirement benefits, the allowance for guaranteed debt and the accrual of self-insured workers' compensation benefits.

15. Borrowing Contributions (Requirements)

The following summary compares the actual amounts for the year ended 31 March 2010 with amounts included in Statement I (Summary of Cash Requirement) of the Estimates approved by the Legislature. Please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2010 for further information on the calculation of the Total Borrowing Requirement - CRF of $387.9 million noted below.

Borrowing Contributions (Requirements)	Actual	Estimates	Increase (Decrease)
	($mil)	($mil)	($mil)
CRF	(387.9)	(1,371.2)	(983.3)
Other Entities	44.2	-	(44.2)
Total Borrowing Contributions (Requirements)	(343.7)	(1,371.2)	(1,027.5)

16. Original Estimates

Certain amounts in the statements and exhibits of the 2009-10 Budget Speech shown for comparative purposes were prepared on the accrual basis as described under note 1(c)(i).

In addition, amounts for Net Debt (Consolidated Statement of Change in Net Debt) as per these statements and exhibits have also been presented for comparative purposes.

17. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

18. Comparatives

Certain of the 31 March 2009 financial statement figures and related schedules have been restated to be consistent with the 31 March 2010 statement presentation.

Schedule 1

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Receivables
As at 31 March 2010
with comparative figures for 2009

	2010	2009
	($000)	($000)
Accounts receivable	713,349	463,145
Taxes receivable	142,672	243,652
Due from Government of Canada	114,260	127,345
Accrued interest receivable	14,320	17,500
	984,601	851,642
Less: Allowance for doubtful accounts	86,381	85,960
	898,220	765,682

Schedule 2

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Investments
As at 31 March 2010
with comparative figures for 2009

	2010	2009
	($000)	($000)
Loans and Advances		
Student loans	187,124	208,324
Municipalities	106,692	130,051
Commercial	65,456	56,553
Housing	7,486	7,638
Other	7,141	6,334
Total Loans and Advances	373,899	408,900
Less: Allowance for doubtful loans and advances	100,582	98,020
Provision for loan repayments through future appropriations (municipalities)	100,107	121,279
Provision for student loan debt reduction grants	9,833	10,898
	163,377	178,703
Investments		
Equity Investments:		
Administered by Memorial University of Newfoundland	31,245	27,255
Administered by Business Investment Corporation	19,928	19,667
Administered by Newfoundland & Labrador Film Development Corporation	15,798	12,629
Cold Ocean Salmon Inc.	8,250	7,250
Country Ribbon Inc.	4,500	4,500
Icewater Seafoods Inc.	3,500	3,500
ACF Equity Atlantic Inc.	2,231	2,231
Gray Aqua Group Ltd.	1,000	1,000
Orphan Industries Limited.	970	970
Administered by Multi-Materials Stewardship Board	756	465
Blue Line Innovations Inc..	500	500
Consilient Technologies Corporation	500	500
Newfound Genomics Inc.	500	500
Newlab Clinical Research Inc.	500	500
SAC Mfg. Inc	500	500
Blue Drop Inc	500	-
Dynamic Air Shelters Ltd .	500	-
Sexton Lumber Co. Ltd	500	-
Other	3,336	2,952
	95,514	84,919

LOANS, ADVANCES AND INVESTMENTS (continued)

	2010	2009
	($000)	($000)
Other Investments:		
Memorial University of Newfoundland - Fixed Income	44,458	39,170
Administered by Janeway Children's Hospital Foundation	3,643	3,815
Dr. H. Bliss Murphy Cancer Care Foundation - Endowment Funds investments	1,001	962
Government of Canada Coupon investments	657	1,320
	49,759	45,267
Total Investments	145,273	130,186
Less: Allowance for write-down of investments	38,770	35,206
	106,503	94,980
	269,880	273,683

NOTES

1. Interest Rates

Interest rates for all loans range from non-interest bearing to 14.0% and are repayable over terms not exceeding 31 years.

Schedule 3

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Equity in Government Business Enterprises
As at 31 March 2010
with comparative figures for 2009

	NL Liquor Corporation 3 Apr 2010	Nalcor Energy 31 Dec 2009	Total 2010	Total 2009
	($000)	($000)	($000)	($000)
Equity - beginning of year	55,377	1,076,500	1,131,877	728,009
Net income for year	130,938	60,000	190,938	205,368
Accumulated other comprehensive income - see note..	-	5,500	5,500	(3,000)
Capital transactions:				
Transfers from government	-	40,000	40,000	319,500
Transfers to government	(124,000)	-	(124,000)	(118,000)
Equity - end of year	62,315	1,182,000	1,244,315	1,131,877
Equity represented by:				
Assets				
Cash and temporary investments	27,500	14,000	41,500	75,879
Receivables	11,245	158,500	169,745	260,859
Oil and gas properties	-	193,800	193,800	112,100
Inventories	31,770	59,500	91,270	87,336
Prepaid and deferred charges	2,607	72,600	75,207	78,159
Investments	-	56,200	56,200	24,600
Reserve Fund	-	34,800	34,800	23,400
Capital assets	18,013	1,901,700	1,919,713	1,881,034
Total Assets	91,135	2,491,100	2,582,235	2,543,367
Liabilities				
Accounts payable and accruals	28,820	306,500	335,320	221,890
Deferred Government assistance	-	3,100	3,100	-
Borrowings	-	999,500	999,500	1,189,600
Total Liabilities	28,820	1,309,100	1,337,920	1,411,490
Equity	62,315	1,182,000	1,244,315	1,131,877

NOTE

Other Comprehensive Income

Other comprehensive income comprises revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income. Comprehensive income is the change in equity (net assets) of an enterprise during a period of transactions and other events and circumstances from non-owner sources.

Schedule 4

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Net Income of Government Business Enterprises
For the year ended 31 March 2010
with comparative figures for 2009

	NL Liquor Corporation 3 Apr 2010	Nalcor Energy 31 Dec 2009	Total 2010	Total 2009
	($000)	($000)	($000)	($000)
Revenue				
Revenue from operations	260,685	572,600	833,285	811,769
Expense				
Expenses from operations	129,747	512,600	642,347	606,401
Net income	130,938	60,000	190,938	205,368

Schedule 5

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Payables, Accrued and Other Liabilities
As at 31 March 2010
with comparative figures for 2009

	2010	2009
	($000)	($000)
Accrued salaries and employee benefits - note 1	764,785	718,813
Due to Government of Canada	589,036	684,749
Accounts Payable	549,549	548,479
Accrued interest payable	157,799	175,949
Due to municipalities	104,387	118,040
Capital leases - note 2	35,333	37,077
Environmental liabilities	21,101	7,853
Other	13,780	16,666
	2,235,770	2,307,626

NOTES

1. Self-Insured Workers' Compensation Benefits

Accrued salaries and employee benefits include an amount of $31.8 million related to the self-insured workers' compensation benefits liability as at 31 March 2010 (31 March 2009 - $31.6 million). During the 2007-08 fiscal year, an actuarial valuation as of 31 December 2007, with disclosures as at 31 March 2010, was obtained for the Province's self-insured workers' compensation benefits.

2. Capital Leases

Interest rates for all capital leases range from non-interest bearing to 12.4% and have repayment schedules ranging in duration from less than a year to 13 years.

Schedule 6

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Borrowings
As at 31 March 2010
with comparative figures for 2009

	2010				2009
	Total Borrowings	Sinking Fund Balance	Net Borrowings	Interest Rate Range	Net Borrowings
	($000)	($000)	($000)	(%)	($000)
Consolidated Revenue Fund					
Treasury bill borrowings	493,744	-	493,744	0.18 - 0.27	493,158
General debentures	5,469,831	856,233	4,613,598	4.50 - 11.00	5,107,795
Government of Canada	416,636	-	416,636	4.91 - 11.33	461,846
	6,380,211	856,233	5,523,978		6,062,799
Health care organizations	185,165	9,334	175,831	prime-1.1-10.50	181,662
Student Loan Corporation of Newfoundland and Labrador	156,000	-	156,000	0.41 - 0.62	170,000
Newfoundland and Labrador Municipal Financing Corporation	98,944	-	98,944	4.35 - 9.60	119,410
Newfoundland and Labrador Housing Corporation	24,777	-	24,777	4.12	24,374
Memorial University of Newfoundland	18,396	-	18,396	5.19 - 5.88	19,875
School Districts	13,718	-	13,718	prime-1 - 8.50	16,509
Total	6,877,211	865,567	6,011,644		6,594,629

See accompanying notes.

NOTES TO THE SCHEDULE OF BORROWINGS
As at 31 March 2010

1. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2010 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Canadian	Unamortized Foreign Exchange Gains/(Losses)	Net
	($000)		($000)	($000)	($000)
U.S.	1,050,000	1.0158	1,066,590	261,306	1,327,896
Canadian			5,810,621	-	5,810,621
		Sub-total	6,877,211	261,306	7,138,517
	Foreign sinking funds		(271,788)	(55,750)	(327,538)
	Canadian sinking funds		(593,779)	-	(593,779)
		Total	6,011,644	205,556	6,217,200

2. Contributions and Repayment Requirements

Sinking fund contributions and debt repayments which are not funded by a sinking fund, by major currency, in Canadian dollars are as follows:

	U.S.	Canadian	Total
	($000)	($000)	($000)
2010-2011	7,365	342,906	350,271
2011-2012	7,365	458,596	465,961
2012-2013	7,365	136,686	144,051
2013-2014	7,365	95,743	103,108
2014-2015	7,365	390,325	397,690
2015-2043	35,299	1,509,768	1,545,067
	72,124	2,934,024	3,006,148

3. Foreign Exchange Gain

The foreign exchange gain which has been recognized on the Consolidated Statement of Operations is $0.8 million (31 March 2009 - $13.2 million).

4. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2010 would result in an increase/decrease in foreign borrowings of $10.5 million (31 March 2009 - $10.5 million).

5. Related Sinking Fund Investments

At year end, the Province held $637.2 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2009 - $668.1 million) which are reflected in the sinking fund balances disclosed in note 1 above. These were comprised of $512.2 million in Canadian investments and $125.0 million in US investments.

NOTES TO THE SCHEDULE OF BORROWINGS (continued)

6. Debt Related Risk

The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including interest rate, credit, foreign exchange and liquidity risk. Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates while credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. As well, foreign exchange risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies while liquidity risk is the risk that financial commitments will not be met over the short-term.

The Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy. The Province's debt portfolio is structured such that virtually all of its debt is long-term with fixed interest rates and fixed repayment terms. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Hence, the Province's exposure to interest rate and credit risk is minimal as a result of its conservative debt management strategy.

While the majority of the Province's debt is domestic in nature, there are a number of US dollar denominated debt issues. All of these are long-term issues and the Province has established sinking funds, also in US dollars, to provide repayment of the debt at maturity. For debt servicing purposes, short-term forward contracts are occasionally entered into when favorable exchange rates are available to minimize exposure to foreign exchange risk.

The Province's exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.

Nalcor Energy operates in an environment with various forms of financial risk including changes in interest rates, and fluctuation in foreign currency exchange rates and commodity prices. Nalcor Energy utilizes a combination of financial instruments and portfolio management to manage these risks. Net borrowings of Nalcor Energy is reflected in the Equity in government business enterprises on the Consolidated Statement of Financial Position.

Schedule 7

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt
As at 31 March 2010
with comparative figures for 2009

	2010	2009
	($000)	($000)
Guaranteed Debentures		
Newfoundland and Labrador Hydro	1,000,275	1,147,095
Municipalities	488	476
	1,000,763	1,147,571
Guaranteed Bank Loans		
Fisheries	31,345	30,985
Other corporations	3,065	1,943
	34,410	32,928
	1,035,173	1,180,499

NOTES

1. Limit of Loan Guarantees

The limit of loan guarantees for Guaranteed Debentures is $1,000.8 million and $44.6 million for Guaranteed Bank Loans.

2. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt is nil (31 March 2009 - nil).

Schedule 8

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts
As at 31 March 2010
with comparative figures for 2009

	2010	2009
	($000)	($000)
Registrar of the Supreme Court	33,680	33,631
Teachers' Accrued Salary Trust Account	7,387	6,597
Patients' Funds Held in Trust	5,390	3,851
Federal/Provincial Contractors' Security Account	4,068	3,937
Consolidated Tender Account	2,351	1,962
Provincial Courts Trust Account	1,449	1,308
Provincial Nominee Program	703	1,481
Other Trust Accounts	4,916	5,051
	59,944	57,818

NOTE

Workplace, Health, Safety and Compensation Commission

The Workplace, Health, Safety and Compensation Commission (the Commission) is considered to be a form of trust. For the most recent fiscal year ended 31 December 2009, the Commission reported a net fund deficiency of $105.9 million (31 December 2008 - net fund deficiency of $187.9 million) and an accumulated operating deficit of $104.7 million (31 December 2008 - $96.5 million). Under legislation, no liability on behalf of the Province has been established.

Schedule 9

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets
As at 31 March 2010
with comparative figures for 2009

	Original Cost				Accumulated Amortization				
Category	Balance 31 March 2009	Additions 2010	Disposals 2010	Balance 31 March 2010	Balance 31 March 2009	Amort. Net of Disposals 2010	Balance 31 March 2010	Net Book Value 31 March 2010	Net Book Value 31 March 2009
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Buildings	2,443.4	117.9	21.7	2,539.6	1,216.0	46.7	1,262.7	1,276.9	1,227.4
Marine vessels & aircraft	99.5	0.1	0.8	98.8	76.6	1.8	78.4	20.4	22.9
Equipment & machinery	1,124.0	96.3	17.9	1,202.4	817.4	56.1	873.5	328.9	306.6
Infrastructure	3,909.6	61.7	0.7	3,970.6	3,388.6	53.4	3,442.0	528.6	521.0
Computer software	66.3	12.2	4.2	74.3	50.4	1.6	52.0	22.3	15.9
Sub-total	7,642.8	288.2	45.3	7,885.7	5,549.0	159.6	5,708.6	2,177.1	2,093.8
Work in progress				437.3				437.3	303.3
Total				8,323.0				2,614.4	2,397.1

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Consolidated Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets.

2. Work In Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. Government currently has a number of projects under construction or development with a total for 31 March 2010 of $437.3 million (31 March 2009 - $303.3 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of $288.2 million include $60.2 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets include additions of $194.4 million less disposals of $0.2 million for 2009-10.

3. Amortization Expense

Amortization net of disposals in the amount of $159.6 million as reported in the schedule consists of amortization expense of $199.6 million less accumulated amortization on assets disposed of in the year in the amount of $39.2 million. The remaining deduction of $0.8 million is the result of adjustments by certain entities, the inclusion of additional entities and the removal of an entity from the Government reporting entity.

Amortization net of disposals as at 31 March 2009 was $184.3 million which consisted of amortization expense of $180.5 million less accumulated amortization on assets disposed of in the year in the amount of $27.5 million. The remaining $31.3 million is the result of adjustments by certain entities.

TANGIBLE CAPITAL ASSETS (continued)

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

Asset	Estimated Useful Life
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

The above useful lives reflect the policies of the Consolidated Revenue Fund. Amortization reported by other organizations included in the Government reporting entity is recorded in these statements as per the amortization policies of these other organizations. These policies may differ from those identified above.

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

6. Intangible and Inherited Assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

7. Leased Assets

The gross amount of leased tangible capital assets is $77.3 million (31 March 2009 - $76.5 million), amortization expense is $3.0 million (31 March 2009 - $2.9 million) and accumulated depreciation is $54.4 million (31 March 2009 - $52.4 million). These are included in the appropriate category in the schedule.

8. Expropriated Assets

In December 2008, the Province passed legislation entitled *Abitibi-Consolidated Rights and Assets Act,* to expropriate certain rights and assets from Abitibi-Consolidated. The intent of this Act was to return to the Province rights relating to timber and water use, as well as assets and land associated with the generation of electricity enabled by water use rights. As a result of the expropriation, the Province also assumed responsibility of other assets associated with the pulp and paper mill. While the Province has licensed Nalcor Energy to manage and operate the hydro electricity generating assets on behalf of the Province, no decision has been made on whether the assets will continue to be held by the Province, or transferred to Nalcor Energy or other parties. Nalcor Energy is operating these electricity generating assets on a cost recovery basis, and the power purchase agreements that previously applied to these facilities have been cancelled through Legislation. As the value of the electricity generating and non-electricity generating assets expropriated, and their ultimate use, have not been determined, they have been recorded as tangible capital assets at a nominal amount.

Schedule 10

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue by Source
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010	Actuals 2009
	($000)	($000)
Provincial Sources		
Taxation		
Personal income tax	817,378	899,984
Sales tax	703,975	757,742
Corporate income tax	594,935	520,009
Gasoline tax	155,391	150,092
Mining and mineral rights tax	84,849	216,945
Other	244,449	234,548
	2,600,977	2,779,320
Investment		
Sinking fund earnings	51,023	47,284
Interest	25,834	62,824
Other	132,930	134,851
	209,787	244,959
Fees and Fines		
Fees	232,233	224,698
Fines	11,410	13,630
	243,643	238,328
Offshore royalties	2,121,311	2,238,563
Other	384,680	367,807
Total Provincial Sources	5,560,398	5,868,977
Federal Sources		
Health and social transfers	686,317	536,990
Atlantic Accord (1985)	465,288	556,729
Cost-shared programs	355,771	254,568
Atlantic Accord (2005)	-	1,152,785
Other	38,066	56,544
Total Federal Sources	1,545,442	2,557,616
Net income of government business enterprises - see note	190,938	205,368
	7,296,778	8,631,961

NOTE

See Schedule 4 for a breakdown by entity.

Schedule 11

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Department
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010	Actuals 2009
	($000)	($000)
General Government Sector and Legislative Branch		
General Government Sector		
Consolidated Fund Services	421,598	442,352
Executive Council	98,272	96,813
Finance	816,244	535,771
Government Services	39,234	36,909
Labrador and Aboriginal Affairs	4,445	4,658
Public Service Commission	4,971	3,906
Transportation and Works	434,970	421,591
Legislative Branch		
Legislature	22,685	18,923
	1,842,419	1,560,923
Resource Sector		
Business	6,772	4,003
Environment and Conservation	87,946	60,311
Fisheries and Aquaculture	20,699	16,501
Innovation, Trade and Rural Development	80,783	27,303
Natural Resources	138,982	95,424
Tourism, Culture and Recreation	68,556	59,406
	403,738	262,948
Social Sector		
Child, Youth and Family Services	1,946	-
Education	1,452,153	1,303,906
Health and Community Services	2,620,164	2,347,471
Human Resources, Labour and Employment	389,984	292,427
Justice	221,259	209,316
Municipal Affairs	259,727	183,193
Newfoundland and Labrador Housing Corporation	137,963	121,377
	5,083,196	4,457,690
	7,329,353	6,281,561

NOTE

Expenses by Department include expenses by organizations in the Government reporting entity which report to that department.

Schedule 12

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Object
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010	Actuals 2009
	($000)	($000)
Salaries and employee benefits	3,236,591	2,723,030
Operating costs	1,316,017	1,148,322
Grants and subsidies	1,178,472	951,506
Debt expenses	890,431	744,719
Professional services	407,308	392,484
Amortization and loss on sale of tangible capital assets	203,255	184,532
Property, furnishings and equipment - see note	89,489	97,021
Valuation allowances	7,790	39,947
	7,329,353	6,281,561

NOTE

This amount includes expenses for property, furnishings and equipment that do not meet the established definition or thresholds for tangible capital assets.

Schedule 13

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector
For the year ended 31 March 2010

	General Government Sector and Legislative Branch	Resource Sector	Social Sector	Total
	($000)	($000)	($000)	($000)
REVENUE				
Provincial				
Taxation	2,638,377	349	-	2,638,726
Investment	175,607	1,069	33,111	209,787
Fees and Fines	122,513	40,273	80,857	243,643
Offshore Royalties	-	2,121,311	-	2,121,311
Other	49,717	43,602	295,105	388,424
Government of Canada	1,200,281	31,818	313,343	1,545,442
	4,186,495	2,238,422	722,416	7,147,333
Net income of government business enterprises	130,938	60,000	-	190,938
Total Sector Revenue - note 2	4,317,433	2,298,422	722,416	7,338,271
EXPENSE				
Salaries and employee benefits	585,181	107,155	2,581,914	3,274,250
Operating costs	281,335	131,920	906,311	1,319,566
Grants and subsidies	10,700	129,576	1,038,481	1,178,757
Debt expenses	832,658	168	57,605	890,431
Professional services	43,998	17,897	345,413	407,308
Amortization and loss on sale of tangible capital assets	81,919	6,065	115,271	203,255
Property, furnishings and equipment	6,609	4,419	78,461	89,489
Valuation allowances	21	10,282	(2,513)	7,790
Total Sector Expense - note 3	1,842,421	407,482	5,120,943	7,370,846
Sector Results - before adjustments	2,475,012	1,890,940	(4,398,527)	(32,575)
Inter-Sector Eliminations	(37,747)	3,744	34,003	-
Annual Surplus (Deficit)	2,437,265	1,894,684	(4,364,524)	(32,575)

See accompanying notes.

NOTES TO THE SCHEDULE OF REVENUE AND EXPENSE BY SECTOR
For the year ended 31 March 2010

1. Sectors

The sectors identified above are consistent with the presentation of the Consolidated Statement of Operations and the 2009-10 Estimates. Each sector includes the revenues and expenses of the applicable departments and the organizations in the Government reporting entity which report to their respective department. Certain amounts have been allocated on a systematic basis. Refer to Schedule 11 - Expenses by Department for a list of departments included within each sector.

2. Sector Revenue

Sector revenues include revenues generated from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to revenues amount to $41.5 million resulting in total revenue of $7,296.8 million as per the Consolidated Statement of Operations.

3. Sector Expense

Sector expenses include expenses incurred from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to expenses amount to $41.5 million resulting in total expense of $7,329.4 million as per the Consolidated Statement of Operations.

Schedule 14

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Reconciliation of Budgetary Contribution (Requirement) to Consolidated Accrual Results
For the year ended 31 March 2010
with comparative figures for 2009

	Actuals 2010 ($000)	Actuals 2009 ($000)
Budgetary Contribution (Requirement)	8,934	2,193,448
Surplus (Deficit) - Actuals (consolidated accrual)	(32,575)	2,350,400
Difference - note 1	41,509	(156,952)
The difference is comprised of the following:		
Consolidated Revenue Fund - note 2:		
Sinking fund earnings	(50,366)	(46,516)
Accrued retirement costs - interest	408,030	238,593
Accrued retirement costs - other	253,460	101,853
Amortization of foreign exchange gains/losses	(1,973)	(17,565)
Other debt expenses	(19,421)	(4,101)
Bad debt expenses	5,563	2,086
Amortization expense related to tangible capital assets	94,219	80,969
Tangible capital asset acquisitions/adjustments - net	(238,087)	(188,835)
Inventories of supplies	(4,154)	264
Accrued revenues and expenses	(358,056)	(176,311)
	89,215	(9,563)
Other entities - note 3:		
General Government Sector and Legislative Branch	(5,772)	27,915
Resource Sector	(61,990)	(84,490)
Social Sector	20,056	(90,814)
	(47,706)	(147,389)
Difference	41,509	(156,952)

See accompanying notes.

NOTES TO THE RECONCILIATION OF BUDGETARY CONTRIBUTION (REQUIREMENT) TO CONSOLIDATED ACCRUAL RESULTS
For the year ended 31 March 2010

1. Reconciliation of Budgetary Contribution (Requirement) to Consolidated Accrual Results

This schedule reconciles the budgetary contribution (requirement) of the Consolidated Revenue Fund as per the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund to the accrual surplus (deficit) on a consolidated basis. The change shown consists of year end accrual adjustments for the Consolidated Revenue Fund and accounting policy adjustments to the annual results of government organizations. The original budgeted consolidated accrual deficit for the period as per the Estimates was $749.5 million.

2. Consolidated Revenue Fund

The Consolidated Revenue Fund accrual deficit for 31 March 2010 was $80.3 million as per Volume II of the Public Accounts. The original budgeted Consolidated Revenue Fund accrual deficit for the Province of $836.1 million was not disclosed in the 2009-10 Estimates but was obtained from internal documentation.

Sinking fund earnings represent the interest earned on the sinking funds during the year less the sinking fund income returned to the Province from the sinking funds retired.

Accrued retirement costs (interest) represent the net interest expense on the unfunded pension liability and the group health and life insurance retirement benefits.

Accrued retirement costs (other) represent primarily the employer contributions that exceeded the current service costs for pensions as well as group health and life insurance retirement benefits.

Amortization of foreign exchange gains/losses represent the amortization of the unrealized foreign exchange gains/losses.

Other debt expenses represent primarily the change in the accrued interest expense on the debt and capital leases.

Bad debt expenses represent the net increase in the allowance for doubtful accounts receivable, loans, investments, and guarantees made by the Province.

Accrued revenues and expenses represent all other changes in revenues and expenses during the year (e.g. equalization, sales tax, salaries and benefits).

3. Other Entities

This represents the accrual surplus (deficit) of all other government organizations after material adjustments have been made to conform to the accounting policies of the Province. The General Government Sector and Legislative Branch and the Resource Sector adjustments include the above and reverses the cash received by the Province and records the net income for Newfoundland and Labrador Liquor Corporation and Nalcor Energy respectively.

Schedule 15

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Government Reporting Entity
For the year ended 31 March 2010

GOVERNMENT ORGANIZATIONS

	Board of Commissioners of Public Utilities
note 1	Bull Arm Site Corporation
	Business Investment Corporation
	C.A. Pippy Park Commission
	Central Regional Health Authority
D - N	Chicken Farmers of Newfoundland and Labrador
D - N - note 2	Churchill Falls (Labrador) Corporation Trust
	College of the North Atlantic
J	Conseil scolaire francophone provincial de Terre-Neuve et Labrador
	Consolidated Revenue Fund
D	Credit Union Deposit Guarantee Corporation
JU - N	Dairy Farmers of Newfoundland and Labrador
D - N	Eastern Education Foundation Inc.
note 3	Eastern Regional Health Authority
J	Eastern School District
D - N	Egg Producers of Newfoundland and Labrador
D - note 4	Embalmers and Funeral Directors Board of Newfoundland and Labrador
	Heritage Foundation of Newfoundland and Labrador
	Labrador-Grenfell Regional Health Authority
J	Labrador School Board
note 5	Labrador Transportation Initiative Fund
	Livestock Owners Compensation Board
A	Marble Mountain Development Corporation
	Memorial University of Newfoundland
	Multi-Materials Stewardship Board
	Municipal Assessment Agency Inc.
	Newfoundland and Labrador Arts Council
	Newfoundland and Labrador Centre for Health Information
	Newfoundland and Labrador Crop Insurance Agency
	Newfoundland and Labrador Farm Products Corporation
	Newfoundland and Labrador Film Development Corporation
	Newfoundland and Labrador Housing Corporation
	Newfoundland and Labrador Immigrant Investor Fund Limited
	Newfoundland and Labrador Industrial Development Corporation
	Newfoundland and Labrador Legal Aid Commission
	Newfoundland and Labrador Municipal Financing Corporation
N	Newfoundland and Labrador Sports Centre Inc.
	Newfoundland Hardwoods Limited
J - N	Newfoundland International Student Education Program Inc.
	Newfoundland Ocean Enterprises Limited
J	Nova Central School District
	Provincial Advisory Council on the Status of Women - Newfoundland and Labrador
	Provincial Information and Library Resources Board
D	Public Accountants Licensing Board

GOVERNMENT REPORTING ENTITY (continued)

GOVERNMENT ORGANIZATIONS

	Public Health Laboratory
N	Research and Development Corporation of Newfoundland and Labrador
	Student Loan Corporation of Newfoundland and Labrador
	The Rooms Corporation of Newfoundland and Labrador
note 6	Western Regional Health Authority
J	Western School District

GOVERNMENT BUSINESS ENTERPRISES

D	Nalcor Energy
F	Newfoundland and Labrador Liquor Corporation

LEGEND

A	This entity has a year end of 30 April.
D	These entities have a year end of 31 December.
J	These entities have a year end of 30 June.
JU	This entity has a year end of 31 July.
F	This entity has a floating year end to align with its four 13 week reporting periods. The fiscal year end of the entity will end on the first Saturday of April each year.
N	These entities are new to the reporting entity for 31 March 2010.

NOTES

1 As at 31 March 2009, the outstanding shares of this entity were purchased by Nalcor Energy. As a result, the entity is maintained as a subsidiary of Nalcor Energy as opposed to a separate corporation within the Government reporting entity.

2 Churchill Falls (Labrador) Corporation Trust is included in the Government reporting entity for consolidation since, in substance, it is closely held and controlled by the Province and is administered by senior Government officials.

3 Eastern Regional Health Authority controls a number of foundations/associations which have not been consolidated within their financial statements. In accordance with Public Sector Generally Accepted Accounting Principles, these organizations have been included within the Province's 2009-10 Consolidated Summary Financial Statements. These entities are as follows: 1) General Hospital Hostel Association; 2) Health Care Foundation of St. John's Inc; 3) Janeway Children's Hospital Foundation; 4) Northwest Rotary - Janeway Hostel Corporation; 5) Ever Green Environmental Corporation (formerly the Waterford Foundation Incorporated); 6) Dr. H. Bliss Murphy Cancer Care Foundation; 7) Discovery Health Care Foundation Inc.; 8) Trinity-Conception-Placentia Health Foundation Inc.; 9) The Burin Peninsula Health Care Foundation Inc.; !0) Blue Crest Cottages; 11) Golden Heights Manor Cottages; 12) Lions Manor Inc.; and 13) TCRHB Housing Complex Inc.

4 During 2009-10, the Embalmers and Funeral Directors Act was repealed and replaced with the Embalmers and Funeral Directors Act, 2008. As a result of this change in legislation, this entity is no longer included in the Government reporting entity.

5 During 2009-10, the Labrador Transportation Initiative Fund Act was rescinded and as a result, the organization was wound up.

6 Western Regional Health Authority controls a number of associations which have not been consolidated within their financial statements. In accordance with Public Sector Generally Accepted Accounting Principles, these associations have been included within the Province's 2009-10 Consolidated Summary Financial Statements. These entities are as follows: 1) Gateway Cottages Association-Cottages Project; 2) Gateway Cottages Association, Apartment Project; 3) Inter-faith Home for Senior Citizens - Cottages #3; 4) Bay St. George 8 Unit Cottages & Emile Benoit House; 5) Inter-Faith Home for Senior Citizens-Cottages #1 & #2; and 6) Bay St. George Senior Citizens Home-30 Unit Cottages.